

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

IN RE:

COMPLAINT OF INTERMEDIA  
COMMUNICATIONS, INC. AGAINST  
BELLSOUTH TELECOMMUNICATIONS,  
INC. TO ENFORCE THE RECIPROCAL  
COMPENSATION REQUIREMENT OF  
THE PARTIES' INTERCONNECTION  
AGREEMENT

Docket No.

00-00280

EXHIBIT  
RECEIVED  
JUN 5 1995  
TENN. REG. AUTH.

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**COMPLAINT TO ENFORCE INTERCONNECTION AGREEMENT**

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Intermedia Communications, Inc. ("Intermedia"), through undersigned counsel, pursuant to the Tenn. Code Ann. § 65-4-104 and 65-4-117, and Tenn. Comp. R. & Regs.

1220—1—11—.05, files this Complaint against BellSouth Telecommunications, Inc.

("BellSouth") to enforce the reciprocal compensation requirement of its interconnection agreement with BellSouth as to the termination of local traffic to Internet Service Providers ("ISPs"). Because of the prior Orders of the Tennessee Regulatory Authority ("Authority") on this issue and the continuing damage caused by BellSouth's refusal to fulfill its obligations,

Intermedia respectfully requests that consideration of this Complaint be expedited.

In support of this Complaint, Intermedia shows the Authority that:

**I. PARTIES**

1. Intermedia is a corporation organized and existing under the laws of the state of Delaware, maintaining its principal place of business at 3625 Queen Palm Drive, Tampa, Florida 33619. Intermedia was granted authority to provide competitive local exchange services in

Tennessee by the Authority pursuant to Tenn. Code Ann. § 65-4-201(c) on September 17, 1996, in Docket No. 96-00492.

2. BellSouth is a corporation organized and existing under the laws of the state of Georgia, maintaining its principal place of business at 675 West Peachtree Street, N.E., Atlanta, Georgia. BellSouth is an incumbent local exchange carrier as defined by 47 U.S.C. § 251(h) and Tenn. Code Ann. § 65-4-101(d).

## **II. JURISDICTION**

3. Both Intermedia and BellSouth are authorized to provide service in the state of Tennessee pursuant to certification or franchises granted by this Authority or by the Authority's authorized predecessor.

4. On or about July 1, 1996, Intermedia and BellSouth, pursuant to Sections 251 and 252 of the federal Telecommunications Act of 1996 (the "Act") entered into an interconnection agreement (the "Agreement"). The Agreement was filed by the parties on July 17, 1996, and was approved by the Authority in Docket No. 96-01161 on December 3, 1996. Copies of the relevant pages of the Agreement are attached as Collective Exhibit 1.

5. The Agreement was originally intended to be effective for a period of approximately two (2) years, expiring on July 1, 1998. On February 16, 1999, the Agreement was extended by action of the parties until December 31, 1999. The parties have further agreed to continue operation under the Agreement until such time as this Authority approves a new

Interconnection Agreement.<sup>1</sup> To that end, the parties are currently pursuing arbitration before the Authority in Docket No. 99-00948.

6. Under the Act the Authority has jurisdiction over disputes concerning interpretation and enforcement of Interconnection Agreements. Intermedia has attempted to resolve this dispute informally, but has been unable to do so because of BellSouth's refusal to comply with the reciprocal compensation provision of the Agreement.

7. The Authority also has jurisdiction over this matter pursuant to Tenn. Code Ann. §§ 65-4-104 and 65-4-117. See also *Iowa Utilities Bd. v. F.C.C.*, 120 F.3d 753, 804 (8<sup>th</sup> Cir. 1997) ("We believe that the state commission's plenary authority to accept or reject [interconnection agreements] necessarily carries with it the authority to enforce the provisions of agreements that the state commissions have approved."), *aff'd in part and rev'd in part on other grounds, AT&T Corp. v. Iowa Utilities Bd.*, 119 S.Ct. 721 (1999).<sup>2</sup>

### **III. BELLSOUTH HAS BREACHED THE AGREEMENT BY FAILING TO COMPENSATE INTERMEDIA FOR TERMINATING LOCAL TRAFFIC**

8. Pursuant to terms of the Agreement, Intermedia and BellSouth provide local exchange telecommunications services over their respective networks. This enables end-users

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<sup>1</sup> Subsequent to the approval of the Agreement, the parties have filed four (4) amendments seeking its modification. The Authority has approved each amendment and entered the appropriate Orders memorializing such action. Neither the amendments nor the subsequent approval of the same impact the relief sought herein.

<sup>2</sup> The portion of the Circuit Court's decision that was eventually reversed pertained to the conclusion that the Federal Communications Commission does not have jurisdiction to hear appeals of state commission decisions and that 47 U.S.C. § 252(e)(6) confers this power exclusively on federal district courts. *Iowa Utils.*, 120 F.3d at 804. The Supreme Court reversed in part, ruling that the issue was not yet ripe for review. *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 119 S. Ct. 721, 733, 142 L. Ed.2d 834 (1999).

subscribing to Intermedia's local exchange service to place calls to end-users subscribing to BellSouth's local exchange service and vice versa.

9. BellSouth sent a letter, dated August 12, 1997, from Mr. Ernest L. Bush to "All Competitive Local Exchange Carriers" stating that BellSouth considers local calls made to ISPs to be jurisdictionally interstate, and that it would not submit payment for the termination of local calls made to ISPs on the networks of competitive local exchange carriers. Intermedia received a copy of this letter, which is attached as Exhibit 2. In accordance with this letter, BellSouth now refuses to pay reciprocal compensation for these BellSouth end-user calls terminated by Intermedia as required by the Agreement.

10. Intermedia responded to BellSouth by letter dated September 2, 1997, rejecting BellSouth's position and urging BellSouth to issue a prompt retraction of the August 12, 1997 letter, and that Intermedia would aggressively pursue every legal avenue available to it should BellSouth implement its decision to withhold mutual compensation for ISP traffic. A copy of the September 2, 1997 letter from Intermedia to BellSouth is attached as Exhibit 3.

11. By letter dated September 11, 1997, BellSouth responded to Intermedia's letter. BellSouth reiterated its position that traffic being delivered to ISPs is not eligible for reciprocal compensation. A copy of the BellSouth September 11, 1997 letter is attached as Exhibit 4.

12. BellSouth's refusal to make reciprocal compensation payments to Intermedia for the transport of local exchange traffic from BellSouth customers to Intermedia's ISP customers constitutes a material and willful breach of the terms of the Agreement. BellSouth is taking this action despite the requirement contained in the current agreement that the parties will pay each other compensation for the transport and termination of "Local Traffic." BellSouth's action also

violates Section 251(b)(5) of the Act which sets forth the obligation of all local exchange companies to provide reciprocal compensation. Accordingly, BellSouth is in breach of the Agreement by failing to compensate Intermedia for calls that are local in nature. As a result, Intermedia is suffering immediate financial harm from BellSouth's refusal to compensate Intermedia for the costs associated with the transport and termination of local traffic under the express terms of the Agreement.

13. Section IV of the Agreement governs Local Interconnection, under which Subsection (A) governs the transport and termination of local traffic. Section IV(A) states the following:

The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

Section IV(B) provides the following as to compensation for exchange of traffic:

Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. Late payment fees, not to exceed 1% per month after the due date may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date of the quarterly bill.

14. Section I(D) of the Agreement defines Local Traffic as the follows:

**Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms

Exchange, and EAS exchanges are defined and specified in Section A3. Of BellSouth's General Subscriber Service Tariff.

A Copy of Section I(D) is attached as part of Collective Exhibit 1. Section I. D's definition of Local Traffic does not exclude calls terminated to ISPs.

15. Intermedia has billed BellSouth for reciprocal compensation, which includes compensation for the termination of traffic to ISPs, but BellSouth has failed and refused to pay such compensation in full. Instead, BellSouth has been making partial payments to Intermedia since March 23, 1999. These partial payments reflect BellSouth's attempt to artificially create a category of local traffic that does not include ISP traffic that is transported and terminated on the local network. Copies of the Billing Statements generated by Intermedia and sent to BellSouth are attached hereto as Collective Exhibit 5.

16. As of March 23, 2000, BellSouth owes Intermedia \$170,495 for reciprocal compensation for the transport and termination of all local traffic. A copy of a spreadsheet detailing the amounts that have been billed to BellSouth, paid by BellSouth and those amounts still owed to Intermedia by BellSouth is attached as Exhibit 6.

17. In Docket No. 98-00118, the Authority considered the dispute between Brooks Fiber Communications, Inc. ("Brooks Fiber") and BellSouth over the interpretation and enforcement of their Interconnection Agreement and whether calls terminating to ISPs were local calls subject to the reciprocal compensation provisions of that agreement. The dispute was submitted to a hearing officer who rejected BellSouth's arguments that ISP traffic was not local in nature and thus not subject to the payment of reciprocal compensation. The hearing officer after careful consideration of the positions of the parties and the entire record existing in that matter entered an Initial Order on April 21, 1998, in which the following was concluded:

[b]ased upon the long-standing position of the FCC that existed years before the execution of the Interconnection Agreement ... the term 'Local Traffic' as used in the reciprocal compensation arrangement of the Interconnection Agreement at issue, includes, as a matter of law, calls to ISPs.<sup>3</sup>

18. BellSouth appealed the hearing officer's Initial Order to the Directors of the Authority. The Directors considered BellSouth's request at an Authority Conference held on June 2, 1998. At that Conference, the Directors upheld the hearing officer's decision in all respects. The Final Order memorializing that action was entered on August 17, 1998. BellSouth has subsequently appealed the Final Order to the United States District Court, for the Middle District of Tennessee.<sup>4</sup> That matter is currently pending.

19. In Docket No. 98-00530, a matter that is currently pending before the Authority, a hearing officer is again considering the enforcement of a BellSouth interconnection agreement and, among other things, the applicability of the payment of reciprocal compensation for the transport and termination of local traffic to ISPs. That matter was initiated upon the filing of the complaint of AVR of Tennessee, L.P., d/b/a Hyperion of Tennessee, L.P. against BellSouth on July 31, 1998. The parties await the entry of an Order in that matter.

20. The Authority's action in the Brooks Fiber matter constitutes binding precedent for BellSouth's obligation to pay reciprocal compensation to Intermedia for the transport and termination of local traffic to ISPs. This is particularly true in the wake of the DC Circuit Court

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<sup>3</sup> Petition of Brooks Fiber to Enforce Interconnection Agreement and for Emergency Relief, Docket No. 98-00118, Initial Order of Hearing Officer at 19. (April 21, 1998).

<sup>4</sup> BellSouth filed its appeal of the Authority's Final Order on September 1, 1998. BellSouth Telecommunications, Inc. v. Brooks Fiber Communications, Inc. and the Tennessee Regulatory Authority, Case No. 3-98-0811.

of Appeals March 24, 2000 decision which vacated and remanded the Federal Communications Commission's ("FCC") declaratory ruling that dial-up calls to Internet service providers are not local calls. *See Bell Atlantic Telephone Companies v. Federal Communications Commission*, No. 99-1094 (D.C. Cir. March 24, 2000).<sup>5</sup> A copy of this decision is attached as Exhibit 7.

21. As recent as last week, the Fifth Circuit Court of Appeals in a case that is directly on point, affirmed the decision of the United States District Court for the Western District of Texas upholding the Texas Public Utility Commission's ruling "to include ISP-bound traffic within the reciprocal compensation provisions of the [parties] interconnection agreement[.]" In addition to this holding, the Court of Appeals specifically stated that "[w]e are convinced that the [Texas] PUC considered ample evidence that both the telecommunications industry as a whole and the parties to this dispute in particular treated ISP-bound calls as terminating locally at the time the interconnection agreements were being negotiated." *See Southwestern Bell v. The Public Utility Commission of Texas*, No. 98-50787, at 10 (5<sup>th</sup> Cir. March 30, 2000). A copy of this decision is attached as Exhibit 8.

**WHEREFORE**, upon the premises considered herein, Intermedia respectfully requests that the Authority:

1. Commence a formal contested case, on an expedited basis to address the issues raised in this Complaint and to avoid continued, material, financial harm to Intermedia by BellSouth;

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<sup>5</sup> The FCC Declaratory Ruling concerning this matter was issued on February 25, 1999. *See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Inter-carrier Compensation for ISP-Bound Traffic*, 14 FCC Rcd 3689 (1999).



2. Enter an Order declaring the BellSouth has breached its interconnection agreement with Intermedia by failing to pay Intermedia reciprocal compensation for terminating ISP traffic;
3. Order that BellSouth immediately pay Intermedia reciprocal compensation for termination of past ISP traffic, with accompanying late charges;
4. Order BellSouth to pay Intermedia reciprocal compensation for termination of future ISP traffic; and
5. Grant Intermedia such other and further relief as the Authority may deem just and proper.

This the 5<sup>th</sup> day of April, 2000.

By: H. LaDon Baltimore  
H. LaDon Baltimore  
BPR No. 003836  
211 Seventh Avenue North  
Suite 420  
Nashville, Tennessee 37219  
Telephone: (615) 254-3060  
Attorney for Intermedia Communications Inc.

OF COUNSEL:

Scott A. Sapperstein  
Intermedia Communications Inc.  
3625 Queen Palm Drive  
Tampa, Florida 33619  
Telephone: (813) 829-4093

**CERTIFICATE OF SERVICE**

I hereby certify that on this 5<sup>th</sup> day of April, 2000, a true and accurate copy of the foregoing was served by hand delivery, overnight delivery or U. S. Mail, first class postage prepaid, to Guy Hicks, Esq., BellSouth Telecommunications, Inc., 333 Commerce Street, Suite 2101, Nashville, TN 37201-3300.

H. LaDon Baltimore  
H. LaDon Baltimore

## **Collective Exhibit 1**

## **AGREEMENT**

**THIS AGREEMENT** is made by and between BellSouth Telecommunications, Inc., ("BellSouth"), a Georgia corporation, and Intermedia Communications Inc., ("ICI"), a Delaware corporation and shall be deemed effective as of July 1, 1996. This agreement may refer to either BellSouth or ICI or both as a "party" or "parties. "

## **WITNESSETH**

**WHEREAS**, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

**WHEREAS**, ICI is an alternative local exchange telecommunications company ("ALEC" or "OLEC") authorized to provide or is intending to be authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

**WHEREAS**, the parties wish to interconnect their facilities, purchase unbundled elements, and exchange traffic for the purposes of fulfilling their obligations pursuant to sections 251, 252 and 271 of the Telecommunications Act of 1996 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida;

**NOW THEREFORE**, in consideration of the mutual agreements contained herein, BellSouth and ICI agree as follows:

### **I. Definitions**

**A.** **Affiliate** is defined as a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or equivalent thereof) of more than 10 percent.

**B. Commission** is defined as the appropriate regulatory agency in each of BellSouth's nine state region, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

**C. Intermediary function** is defined as the delivery of local traffic from a local exchange carrier other than BellSouth; an ALEC other than ICI; another telecommunications company such as a wireless telecommunications provider through the network of BellSouth or ICI to an end user of BellSouth or ICI.

**D. Local Traffic** is defined as any telephone call that originates in one exchange and terminates in either the same exchange, or a corresponding Extended Area Service ("EAS") exchange. The terms Exchange, and EAS exchanges are defined and specified in Section A3. of BellSouth's General Subscriber Service Tariff.

**E. Local Interconnection** is defined as 1) the delivery of local traffic to be terminated on each party's local network so that end users of either party have the ability to reach end users of the other party without the use of any access code or substantial delay in the processing of the call; 2) the LEC unbundled network features, functions, and capabilities set forth in this Agreement; and 3) Service Provider Number Portability sometimes referred to as temporary telephone number portability to be implemented pursuant to the terms of this Agreement.

**F. Percent of Interstate Usage (PIU)** is defined as a factor to be applied to terminating access services minutes of use to obtain those minutes that should be rated as interstate access services minutes of use. The numerator includes all interstate "nonintermediary" minutes of use, including interstate minutes of use that are forwarded due to service provider number portability less any interstate minutes of use for Terminating Party Pays services, such as 800 Services. The denominator includes all "nonintermediary", local, interstate, intrastate, toll and access minutes of use adjusted for service provider number portability less all minutes attributable to terminating party pays services.

**G. Percent Local Usage (PLU)** is defined as a factor to be applied to intrastate terminating minutes of use. The numerator shall include all "nonintermediary" local minutes of use adjusted for those minutes of use that only apply local due to Service Provider Number Portability. The denominator is the total intrastate minutes of use including local, intrastate toll, and access, adjusted for Service Provider Number Portability less intrastate terminating party pays minutes of use.

**H. Telecommunications Act of 1996 ("Act")** means Public Law 104-104 of the United States Congress effective February 8, 1996. The Act amended the Communications Act of 1934 (47, U.S.C. Section 1 et. seq.).

**I. Multiple Exchange Carrier Access Billing ("MECAB")** means the document prepared by the Billing Committee of the Ordering and Billing Forum ("OBF"), which functions under the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, Containing the recommended guidelines for the billing of Exchange

Service access provided by two or more LECs and/or ALECs or by one LEC in two or more states within a single LATA.

## **II. Purpose**

The parties desire to enter into this Agreement consistent with all applicable federal, state and local statutes, rules and regulations in effect as of the date of its execution including, without limitation, the Act at Sections 251, 252 and 271 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida concerning the terms and conditions of interconnection. The access and interconnection obligations contained herein enable ICI to provide competing telephone exchange service and private line service within the nine state region of BellSouth.

## **III. Term of the Agreement**

A. The term of this Agreement shall be two years, beginning July 1,, 1996.

B. The parties agree that by no later than July 1, 1997, they shall commence negotiations with regard to the terms, conditions and prices of local interconnection to be effective beginning July 1, 1998.

C. If, within 135 days of commencing the negotiation referred to in Section II (B) above, the parties are unable to satisfactorily negotiate new local interconnection terms, conditions and prices, either party may petition the commissions to establish appropriate local interconnection arrangements pursuant to 47 U.S.C. 252. The parties agree that, in such event, they shall encourage the commissions to issue its order regarding the appropriate local interconnection arrangements no later than March 1 1997. The parties further agree that in the event the Commission does not issue its order prior to July 1, 1998 or if the parties continue beyond July 1, 1998 to negotiate the local interconnection arrangements without Commission intervention, the terms, conditions and prices ultimately ordered by the Commission, or negotiated by the parties, will be effective retroactive to July 1, 1998. Until the revised local interconnection arrangements become effective, the parties shall continue to exchange traffic pursuant to the terms and conditions of this Agreement.

## **IV. Local Interconnection**

A. The delivery of local traffic between the parties shall be reciprocal and compensation will be mutual according to the provisions of this Agreement. The parties agree that the exchange of traffic on BellSouth's EAS routes shall be considered as local traffic and compensation for the termination of such traffic shall be pursuant to the terms of this section. EAS routes are those exchanges within an exchange's Basic

Local Calling Area, as defined in Section A3 of BellSouth's General Subscriber Services Tariff.

**B.** Each party will pay the other for terminating its local traffic on the other's network the local interconnection rates as set forth in Attachment B-1, by this reference incorporated herein. The charges for local interconnection are to be billed monthly and payable quarterly after appropriate adjustments pursuant to this Agreement are made. Late payment fees, not to exceed 1% per month after the due date may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date of the quarterly bill.

**C.** The first six month period after the execution of this Agreement is a testing period in which the parties agree to exchange data and render billing. However, no compensation during this period will be exchanged. If, during the second six month period, the monthly net amount to be billed prior to the cap being applied pursuant to subsection (D) of this section is less than \$40,000.00 on a state by state basis, the parties agree that no payment is due. This cap shall be reduced for each of the subsequent six month periods as follows: 2nd period--\$40,000.00; 3rd period--\$30,000.00; and 4th period--\$20,000.00. The cap shall be \$0.00 for any period after the expiration of this Agreement but prior to the execution of a new agreement.

**D.** The parties agree that neither party shall be required to compensate the other for more than 105% of the total billed local interconnection minutes of use of the party with the lower total billed local interconnection minutes of use in the same month on a statewide basis. This cap shall apply to the total billed local interconnection minutes of use measured by the local switching element calculated for each party and any affiliate of the party providing local exchange telecommunications services under the party's certificate of necessity issued by the Commission. Each party will report to the other a Percentage Local Usage ("PLU") and the application of the PLU will determine the amount of local minutes to be billed to the other party. Until such time as actual usage data is available or at the expiration of the first year after the execution of this Agreement, the parties agree to utilize a mutually acceptable surrogate for the PLU factor. The calculations, including examples of the calculation of the cap between the parties will be pursuant to the procedures set out in Attachment A, incorporated herein by this reference. For purposes of developing the PLU, each party shall consider every local call and every long distance call. Effective on the first of January, April, July and October of each year, the parties shall update their PLU.

**E.** The parties agree that there are three appropriate methods of interconnecting facilities: (1) virtual collocation where physical collocation is not practical for technical reasons or because of space limitations; (2) physical collocation; and (3) interconnection via purchase of facilities from either party by the other party. Rates and charges for collocation are set forth in Attachment C-13, incorporated herein by this reference. Facilities may be purchased at rates, terms and conditions set forth in BellSouth's intrastate Switched Access (Section E6) or Special Access (Section E7)

chooses to adopt another agreement in its entirety, the parties agree that the effective day shall be the date the agreement is approved by the Commission.

C. In the event BellSouth files and receives approval for a tariff offering to provide any substantive service of this Agreement in a way different than that provided for herein, the parties agree that ICI shall be eligible for subscription to said service at the rates, terms and conditions contained in the tariff. The parties agree that such eligibility shall be as of the effective date of the tariff.

D. The Parties acknowledge that BellSouth will guarantee the provision of universal service as the carrier-of-last-resort throughout its territory in Florida until January 1, 1998 without contribution from ICI.

## **XXII. Treatment of Proprietary and Confidential Information**

A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data, call detail records and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that the Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.

B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

## **XXIII. Resolution of Disputes**

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will initially refer the issue to the individuals in each company that negotiated the Agreement. If the issue is not resolved within 30 days, either party may petition the Commission for a resolution of the dispute.

However, each party reserves any rights it may have to seek judicial review of any ruling made by the Commission concerning this Agreement.

#### **XXIV. Limitation of Use**

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

#### **XXV. Waivers**

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

#### **XXVI. Governing Law**

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

#### **XXVII. Arm's Length Negotiations**

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

#### **XXVIII. Notices**

A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.  
Rich Dender --Acct. Manager  
South E4E1 Colonnade Prkwy  
Birmingham, AL 35243

ICI--Pat Kurlin  
3625 Queen Palm Drive  
Tampa, Florida  
33619

or at such other address as the intended recipient previously shall have designated by written notice to the other party.



B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

## XXIX. Entire Agreement

This Agreement and its Attachments, incorporated herein by this reference, sets forth the entire understanding and supersedes prior agreements between the parties, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995, applicable to the state of Florida, relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

C. L. Lee

Signature

Chief President

Title

June 21, 1996

Date

Intermedia  
Communications Inc

David C. Fink

Signature

CEO

Title

6/21/96

Date

## Exhibit 2



BellSouth Telecommunications, Inc.  
Room 4428  
675 West Peachtree Street, N.E.  
Atlanta, Georgia 30375

404 327-7150  
Fax 404 420-6231  
Internet: Ernest.L.Bush  
@bridge.bellsouth.com

Ernest L. Bush  
Assistant Vice President -  
Regulatory Policy & Planning

SN91081223

August 12, 1997

To: All Competitive Local Exchange Carriers

Subject: Enhanced Service Providers (ESPs) Traffic

The purpose of this letter is to call to your attention that our interconnection agreement applies only to local traffic. Although enhanced service providers (ESPs) have been exempted from paying interstate access charges, the traffic to and from ESPs remains jurisdictionally interstate. As a result, BellSouth will neither pay, nor bill, local interconnection charges for traffic terminated to an ESP. Every reasonable effort will be made to insure that ESP traffic does not appear on our bills and such traffic should not appear on your bills to us. We will work with you on a going forward basis to improve the accuracy of our reciprocal billing processes. The ESP category includes a variety of service providers such as information service providers (ISPs) and internet service providers, among others.

On December 24, 1996, the Federal Communications Commission (FCC) released a Notice of Proposed Rule Making (NPRM) on interstate access charge reform and a Notice of Inquiry (NOI) on the treatment of interstate information service providers and the Internet. Docket Nos. 96-262 and 96-263. Among other matters, the NPRM and NOI addressed the information service provider's exemption from paying access charges and the usage of the public switched network by information service providers and internet access providers.

Traffic originated by and terminated to information service providers and internet access providers enjoys a unique status, especially call termination. Information service providers and internet access providers have historically been subject to an access charge exemption by the FCC which permits the use of basic local exchange telecommunications services as a substitute for switched access service. The FCC will address this exemption in the above-captioned proceedings. Until any such reform affecting information service providers and internet access providers is accomplished, traffic originated to and terminated by information service providers and internet access providers is exempt from access charges. This fact, however, does not make this interstate traffic "local", or subject it to reciprocal compensation agreements.

Please contact your Account Manager or Marc Cathey (205-977-3311) should you wish to discuss this issue further. For a name or address change to the distribution of this letter, contact Echelyn Pugh at 205-977-1124.

Sincerely,

### **Exhibit 3**

**KELLEY DRYE & WARREN LLP**

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D. C. 20036

12021 955-9600

NEW YORK, N.Y.

LOS ANGELES, CA.

MIAMI, FL.

CHICAGO, IL.

STAMFORD, CT.

PARSIPPANY, N.J.

BRUSSELS, BELGIUM

HONG KONG

AFFILIATED OFFICES

NEW DELHI, INDIA

TOKYO, JAPAN

FACSIMILE

(202) 955-9792

WRITER'S DIRECT LINE

(202) 955-9664

September 2, 1997

**VIA FACSIMILE  
AND U.S. MAIL**

Jere A. Drummond, President  
BellSouth Telecommunications, Inc.  
45th Floor  
675 West Peachtree Street, N.E.  
Atlanta, GA 30375

Re: BellSouth Letter Contemplating Nonpayment  
of Mutual Compensation for ISP Traffic

Dear Mr. Drummond:

On behalf of my client, Intermedia Communications Inc. ("Intermedia"), I am responding to a letter dated August 12, 1997, sent under the name of Ernest Bush and directed to "All Competitive Local Exchange Carriers." That letter states that BellSouth considers local calls made to Internet service providers ("ISPs") to be jurisdictionally interstate, and that BellSouth will not submit payment for the termination of local calls made to Internet service providers on Intermedia's network. As discussed below, we reject BellSouth's position in the strongest terms, and urge BellSouth to issue a prompt retraction of the August 12 letter.

As you no doubt know from the comments recently filed by Intermedia and every other competitive carrier participating in the FCC's Docket CCB/CPD 97-30 proceeding, the argument against mutual compensation for the termination of local calls made to ISPs is rejected by the entire competitive carrier community and is embraced only by

KELLEY DRYE & WARREN LLP

Jere A. Drummond, President

September 2, 1997

Page 2

some incumbent local exchange carriers ("ILECs"). I will not restate the arguments made by Intermedia and others before the FCC, but will observe that the weight of evidence in that proceeding makes clear that the Communications Act, FCC rules and policies, recent action by the New York Public Service Commission, existing interconnection agreements (including that between BellSouth and Intermedia), and the consistent practices of BellSouth and other ILECs compel the conclusion that ILECs are obligated to pay mutual compensation for such traffic. The action threatened by BellSouth may also run afoul of the Customer Proprietary Network Information provisions of Section 222 of the Communications Act. Finally, if BellSouth's argument were to be accepted, and a regulator found that all Internet traffic is inherently jurisdictionally interstate, such a decision would compel a finding that BellSouth is currently providing interLATA services through its separate subsidiary, BellSouth.net. Of course, such an interpretation would place BellSouth directly in violation of Section 271 of the Communications Act.

Moreover, the action contemplated by BellSouth would violate the dispute resolution provision of the interconnection agreement between BellSouth and Intermedia. That agreement commits both parties to resolve disputes relating to the agreement through recourse to the appropriate state regulatory body, and does not countenance the unilateral action that BellSouth has proposed.

The arbitrary and unilateral action contemplated in the August 12 letter would, if implemented, demonstrate bad faith on BellSouth's part and would constitute patently anticompetitive conduct. Be advised that such action would impose considerable -- and perhaps irreparable -- damage on Intermedia and would expose BellSouth to substantial liability. Of equal significance, be advised that a unilateral refusal to pay mutual compensation to Intermedia will be relevant to the public interest determinations that are part of the interLATA relief proceedings under Section 271 of the Communications Act that are now being conducted in Florida, Alabama, Georgia and North Carolina, and that are anticipated in other states within the BellSouth service area; the 271 review of BellSouth currently being conducted by the U.S. Department of Justice; and the 271 analysis that ultimately will be conducted by the FCC.

This issue is of critical importance to Intermedia, and I have been instructed to advise you that Intermedia will aggressively pursue every legal avenue available to it should BellSouth make good on its threat to withhold mutual compensation for ISP traffic. We therefore request a response to this letter from BellSouth by noon on Thursday, September 4, 1997. If Intermedia has not received written assurance that BellSouth will remit payment for terminating ISP traffic that is owed to Intermedia, we will immediately initiate the

KELLEY DRYE & WARREN LLP

Jere A. Drummond, President  
September 2, 1997  
Page 3

appropriate legal and regulatory action. Please direct your response to me at the facsimile number listed above.

Sincerely,

  
Jonathan E. Carlis

cc: Whit Jordan  
Ernest L. Bush  
Mark L. Fielder

## Exhibit 4



Harris R. Anthony  
General Attorney

BellSouth Telecommunications, Inc.  
Legal Department - Suite 4300  
675 West Peachtree Street, N.E.  
Atlanta, Georgia 30375-0001  
Telephone: 404-335-0789  
Facsimile: 404-614-4054

September 11, 1997

Jonathan E. Canis  
Kelley Drye & Warren  
1200 19th Street, N.W.  
Suite 1500  
Washington, D.C. 20036

Re: Reciprocal Compensation For ISP Traffic

Dear Mr. Canis:

This is in response to your September 2, 1997 letter to Mr. Jere A. Drummond. In your letter, you express your disagreement with Mr. Bush's letter of August 12, 1997 wherein he brought to the attention of local carriers that the reciprocal compensation provisions of BellSouth's interconnection agreements apply only to local traffic. Accordingly, traffic being delivered to internet service providers (ISPs), which is jurisdictionally interstate, is not eligible for reciprocal compensation.

Your letter contains several observations which you believe create an obligation on the part of BellSouth to pay mutual compensation for ISP traffic. As discussed below, Intermedia is mistaken as to the jurisdictional nature of the ISP traffic. Likewise, your statements that BellSouth may be violating certain provisions of the Communications Act are unfounded.

Contrary to your apparent belief, there is no basis in fact or law that would support your position that ISP traffic is intrastate, let alone "local" for reciprocal compensation purposes. It is well established that whether a communication is interstate and, thus, within the exclusive jurisdiction of the FCC depends on the end-to-end nature of the communication itself. ISP traffic does not terminate on Intermedia's local facilities. Rather, the traffic traverses these facilities as well as those of the ISP and the internet transport provider(s) to establish a communications path to distant internet destination(s). The communication terminates at the distant internet site. Internet end-to-end communication paths are typically interstate in nature because they not only cross state boundaries but often national boundaries as well. Even in the instances where the distant internet site is within the same state as the originating end of the communication, the dynamic aspects of internet communications make such communications inseverable from the interstate traffic. Under existing case law, such traffic must also be considered interstate.

Mr. Jonathan E. Canis

September 11, 1997

Page 2

Further, the FCC has already exercised its jurisdiction over internet traffic. The Commission's grant of an exemption from the payment of interstate access charges to enhanced service providers must necessarily be based upon fact that by definition such traffic was interstate in the first instance. Otherwise, the Commission would not have had the jurisdiction to grant an exemption. A fact often lost is that the access charge exemption affects the rate an incumbent LEC may charge an ISP, not the jurisdictional nature of the ISP traffic. The access charge exemption is a transitional mechanism that was prescribed by the Commission to avoid significant economic dislocation in the then nascent enhanced services market. Nothing in the creation of the access charge exemption altered the jurisdictional nature of the end-to-end communications. The traffic remains jurisdictionally interstate. Be advised, however, that the FCC's access charge exemption for ISPs is directed only to incumbent LECs. Intermedia, as a competitive local exchange carrier, is free to charge appropriate access rates in order to compensate it fully for any services it provides to ISPs.

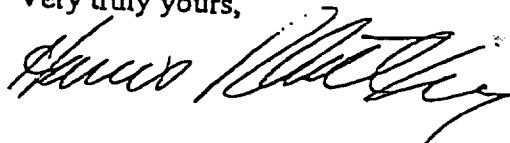
In its Local Interconnection Order, the FCC made it abundantly clear that reciprocal compensation rules only apply to traffic that originates and terminates within a local area. The rules do not apply to non-local traffic, such as ISP or other interstate interexchange traffic, none of which terminates in the local area.

Your letter incorrectly contends that if ISP traffic is interstate, such a jurisdictional determination would compel a finding that BellSouth, through its BellSouth.net subsidiary, is engaged in the provision of interLATA services in violation of Section 271 of the Communications Act. BellSouth merely provides a gateway to the internet. It does not provide any of the interLATA internet transport. Such transport is provided by non-affiliated interLATA carriers. Thus, BellSouth's internet gateway is not unlike the interstate access services BellSouth provides for interLATA voice communications, except that the internet gateway is an enhanced service. While the end-to-end communication may be interLATA, the access components of that communication are not.

Similarly without merit is the assertion that BellSouth, in not paying reciprocal compensation for interstate ISP traffic, may run afoul of the Customer Proprietary Network Provisions in Section 222 of the Communications Act. Even assuming *arguendo* that customer network proprietary information were involved, nothing in Section 222 would prevent BellSouth from rendering proper bills for its services including the determination of amounts to exclude from the payment of reciprocal compensation.

BellSouth is fully meeting its obligations under the Communications Act and the interconnection agreements it has negotiated. To the extent, however, that Intermedia has a dispute with regard to the interconnection agreement, Intermedia is free to seek resolution of the dispute before the appropriate state regulatory body.

Very truly yours,



cc: Ernest Bush

## **Collective Exhibit 5**

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 03/22/2000  
Bill Date 03/22/2000  
Payment Date: 04/22/2000  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 03/22/2000	
OTHER CHARGES AND CREDITS	\$8,858,760.61
LATE PAYMENT CHARGE	\$735,677.13
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$9,594,437.74

ACCOUNT STATUS	
PREVIOUS BALANCE	\$94,994,492.23
PAYMENTS	\$2,954,946.85
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$9,594,437.74

CURRENT BALANCE \$101,633,983.12

**A Late Payment Charge of 1% is assessed on all past due balances.**  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 04/22/2000  
Amount Due \$101,633,983.12

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	03/22/2000	04/22/2000	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	02/01/2000	Through	02/29/2000
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

##### Jacksonville

PLU = 99.33%

Local	1,576,370	37,859,433	\$0.010560	\$399,795.61
IntraLATA	10,633	255,369	\$0.052131	\$13,312.66

<b>Total Jacksonville Charges</b>	<b>1,587,003</b>	<b>38,114,802</b>		<b>\$413,108.27</b>
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##### Miami

PLU = 99.89%

Local	17,887,874	443,931,454	\$0.010560	\$4,687,916.16
IntraLATA	19,698	488,862	\$0.052131	\$25,484.89

<b>Total Miami Charges</b>	<b>17,907,572</b>	<b>444,420,317</b>		<b>\$4,713,401.05</b>
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##### Orlando

PLU = 97.08%

Local	2,005,329	37,961,565	\$0.010560	\$400,874.13
IntraLATA	60,317	1,141,819	\$0.052131	\$59,524.16

<b>Total Orlando Charges</b>	<b>2,065,646</b>	<b>39,103,383</b>		<b>\$460,398.29</b>
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<b>Total Florida Charges</b>	<b>21,560,221</b>	<b>521,638,502</b>		<b>\$5,586,907.61</b>
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#### NORTH CAROLINA END OFFICES

##### Raleigh

PLU = 96.35%

Local	3,484,437	115,080,885	\$0.013440	\$1,546,687.10
IntraLATA	132,000	4,359,577	\$0.062757	\$273,593.97

<b>Total Raleigh Charges</b>	<b>3,616,437</b>	<b>119,440,462</b>		<b>\$1,820,281.07</b>
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##### Charlotte

PLU = 99.08%

Local	744,287	13,906,661	\$0.013440	\$186,905.53
IntraLATA	6,911	129,129	\$0.062757	\$8,103.77

<b>Total Charlotte Charges</b>	<b>751,198</b>	<b>14,035,791</b>		<b>\$195,009.30</b>
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<b>Total North Carolina Charges</b>	<b>4,367,635</b>	<b>133,476,252</b>		<b>\$2,015,290.37</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	03/22/2000	04/22/2000	3

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	02/01/2000	Through	02/29/2000
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**GEORGIA END OFFICES**

Atlanta

PLU = 97.34%

Local	6,149,646	118,469,907	\$0.009910	\$1,174,036.78
IntraLATA	168,051	3,237,415	\$0.013204	\$42,746.83

<b>Total Atlanta Charges</b>	6,317,697	121,707,321		\$1,216,783.61
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<b>Total Georgia Charges</b>	6,317,697	121,707,321		\$1,216,783.61
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**TENNESSEE END OFFICES**

Nashville

PLU = 88.92%

Local	93,386	359,791	\$0.019540	\$7,030.33
IntraLATA	11,636	44,832	\$0.014860	\$666.21

<b>Total Nashville Charges</b>	105,022	404,624		\$7,696.54
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Memphis

PLU = 93.89%

Local	160,666	1,446,398	\$0.019540	\$28,262.63
IntraLATA	10,456	94,126	\$0.014860	\$1,398.72

<b>Total Memphis Charges</b>	171,122	1,540,524		\$29,661.35
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<b>Total Tennessee Charges</b>	276,144	1,945,148		\$37,357.89
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**ALABAMA END OFFICES**

Birmingham

PLU = 87.19%

Local	17,920	203,081	\$0.009910	\$2,012.54
IntraLATA	2,633	29,837	\$0.013694	\$408.59

<b>Total Birmingham Charges</b>	20,553	232,918		\$2,421.13
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<b>Total Alabama Charges</b>	20,553	232,918		\$2,421.13
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<b>TOTAL ALL STATES</b>	32,542,250	779,000,141		\$8,858,760.61
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 02/22/2000  
Bill Date: 02/22/2000  
Payment Date: 03/22/2000  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES		ACCOUNT STATUS	
CALLS THROUGH 02/22/2000		PREVIOUS BALANCE	\$96,111,535.93
OTHER CHARGES AND CREDITS	\$8,760,847.05	PAYMENTS	\$10,564,397.76
LATE PAYMENT CHARGE	\$686,507.01	ADJUSTMENTS	\$0.00
FEDERAL TAX	\$0.00	CURRENT CHARGES	\$9,447,354.06
STATE TAX	\$0.00		
LOCAL TAX	\$0.00		
TOTAL CURRENT CHARGES	\$9,447,354.06		
		CURRENT BALANCE	\$94,994,492.23

**A Late Payment Charge of 1.0% is assessed on all past due balances.**  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

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BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 03/22/2000  
Amount Due \$94,994,492.23

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	02/22/2000	03/22/2000	2

SUMMARY OF LOCAL ACCESS CHARGES	01/01/2000	Through	01/31/2000
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville

PLU = 99.33%

Local	1,364,232	36,318,570	\$0.010560	\$383,524.11
IntraLATA	9,202	244,976	\$0.052131	\$12,770.84

<b>Total Jacksonville Charges</b>	<b>1,373,434</b>	<b>36,563,546</b>		<b>\$396,294.95</b>
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Miami

PLU = 99.89%

Local	17,168,060	433,972,892	\$0.010560	\$4,582,753.74
IntraLATA	18,906	477,896	\$0.052131	\$24,913.19

<b>Total Miami Charges</b>	<b>17,186,966</b>	<b>434,450,788</b>		<b>\$4,607,666.93</b>
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Orlando

PLU = 97.08%

Local	1,791,703	36,675,480	\$0.010560	\$387,293.08
IntraLATA	53,891	1,103,136	\$0.052131	\$57,507.57

<b>Total Orlando Charges</b>	<b>1,845,594</b>	<b>37,778,616</b>		<b>\$444,800.65</b>
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<b>Total Florida Charges</b>	<b>20,405,994</b>	<b>508,792,949</b>		<b>\$5,448,762.53</b>
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#### NORTH CAROLINA END OFFICES

Raleigh

PLU = 96.35%

Local	3,685,865	117,362,171	\$0.013440	\$1,577,347.59
IntraLATA	139,631	4,445,998	\$0.062757	\$279,017.51

<b>Total Raleigh Charges</b>	<b>3,825,496</b>	<b>121,808,170</b>		<b>\$1,856,365.10</b>
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Charlotte

PLU = 99.08%

Local	690,397	13,580,487	\$0.013440	\$182,521.75
IntraLATA	6,411	126,101	\$0.062757	\$7,913.70

<b>Total Charlotte Charges</b>	<b>696,808</b>	<b>13,706,588</b>		<b>\$190,435.45</b>
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<b>Total North Carolina Charges</b>	<b>4,522,304</b>	<b>135,514,757</b>		<b>\$2,046,800.55</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	02/22/2000	03/22/2000	3

SUMMARY OF LOCAL ACCESS CHARGES	01/01/2000	Through	01/31/2000
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**GEORGIA END OFFICES**

Atlanta

PLU = 97.34%

Local	5,727,249	119,101,091	\$0.009910	\$1,180,291.82
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IntraLATA	156,508	3,254,663	\$0.013204	\$42,974.58
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<b>Total Atlanta Charges</b>	<b>5,883,757</b>	<b>122,355,754</b>		<b>\$1,223,266.40</b>
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<b>Total Georgia Charges</b>	<b>5,883,757</b>	<b>122,355,754</b>		<b>\$1,223,266.40</b>
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**TENNESSEE END OFFICES**

Nashville

PLU = 88.92%

Local	81,154	332,332	\$0.019540	\$6,493.77
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IntraLATA	10,112	41,411	\$0.014860	\$615.37
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<b>Total Nashville Charges</b>	<b>91,266</b>	<b>373,743</b>		<b>\$7,109.14</b>
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Memphis

PLU = 93.89%

Local	218,120	1,695,149	\$0.019540	\$33,123.22
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IntraLATA	14,194	110,314	\$0.014860	\$1,639.27
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<b>Total Memphis Charges</b>	<b>232,314</b>	<b>1,805,463</b>		<b>\$34,762.49</b>
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<b>Total Tennessee Charges</b>	<b>323,580</b>	<b>2,179,206</b>		<b>\$41,871.63</b>
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**ALABAMA END OFFICES**

Birmingham

PLU = 87.19%

Local	4,077	12,241	\$0.009910	\$121.31
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IntraLATA	599	1,798	\$0.013694	\$24.63
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<b>Total Birmingham Charges</b>	<b>4,676</b>	<b>14,039</b>		<b>\$145.94</b>
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<b>Total Alabama Charges</b>	<b>4,676</b>	<b>14,039</b>		<b>\$145.94</b>
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<b>TOTAL ALL STATES</b>	<b>31,140,311</b>	<b>768,856,705</b>		<b>\$8,760,847.05</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 01/22/2000  
Bill Date 01/22/2000  
Payment Date: 02/22/2000  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 01/22/2000	
OTHER CHARGES AND CREDITS	\$8,386,167.93
LATE PAYMENT CHARGE	\$638,650.76
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$9,024,818.69

ACCOUNT STATUS	
PREVIOUS BALANCE	\$88,248,293.07
PAYMENTS	\$1,161,575.83
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$9,024,818.69

CURRENT BALANCE \$96,111,535.93

**A Late Payment Charge of 1.0% is assessed on all past due balances.**

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

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Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 02/22/2000  
Amount Due \$96,111,535.93

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	01/22/2000	02/22/2000	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	12/01/1999	Through	12/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**FLORIDA END OFFICES**

Jacksonville

PLU = 99.33%

Local	1,445,280	40,659,917	\$0.010560	\$429,368.73
IntraLATA	9,749	274,259	\$0.052131	\$14,297.40

<b>Total Jacksonville Charges</b>	<b>1,455,029</b>	<b>40,934,176</b>		<b>\$443,666.13</b>
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Miami

PLU = 99.89%

Local	91,036,917	394,548,414	\$0.010560	\$4,166,431.26
IntraLATA	100,251	434,481	\$0.052131	\$22,649.93

<b>Total Miami Charges</b>	<b>91,137,168</b>	<b>394,982,895</b>		<b>\$4,189,081.19</b>
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Orlando

PLU = 97.08%

Local	1,900,304	40,527,318	\$0.010560	\$427,968.49
IntraLATA	57,158	1,218,992	\$0.052131	\$63,547.29

<b>Total Orlando Charges</b>	<b>1,957,462</b>	<b>41,746,311</b>		<b>\$491,515.78</b>
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<b>Total Florida Charges</b>	<b>94,549,659</b>	<b>477,663,381</b>		<b>\$5,124,263.10</b>
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**NORTH CAROLINA END OFFICES**

Raleigh

PLU = 96.35%

Local	3,498,371	117,325,795	\$0.013440	\$1,576,858.68
IntraLATA	132,528	4,444,620	\$0.062757	\$278,931.03

<b>Total Raleigh Charges</b>	<b>3,630,899</b>	<b>121,770,415</b>		<b>\$1,855,789.71</b>
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Charlotte

PLU = 99.08%

Local	691,620	12,511,029	\$0.013440	\$168,148.23
IntraLATA	6,422	116,170	\$0.062757	\$7,290.50

<b>Total Charlotte Charges</b>	<b>698,042</b>	<b>12,627,199</b>		<b>\$175,438.73</b>
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<b>Total North Carolina Charges</b>	<b>4,328,941</b>	<b>134,397,614</b>		<b>\$2,031,228.44</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	01/22/2000	02/22/2000	3

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	12/01/1999	Through	12/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**GEORGIA END OFFICES**

Atlanta

PLU = 97.34%

Local	5,660,599	118,867,019	\$0.009910	\$1,177,972.16
IntraLATA	154,687	3,248,267	\$0.013204	\$42,890.12

<b>Total Atlanta Charges</b>	<b>5,815,286</b>	<b>122,115,285</b>		<b>\$1,220,862.28</b>
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<b>Total Georgia Charges</b>	<b>5,815,286</b>	<b>122,115,285</b>		<b>\$1,220,862.28</b>
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**TENNESSEE END OFFICES**

Nashville

PLU = 88.92%

Local	75,025	261,961	\$0.019540	\$5,118.72
IntraLATA	9,349	32,642	\$0.014860	\$485.07

<b>Total Nashville Charges</b>	<b>84,374</b>	<b>294,603</b>		<b>\$5,603.79</b>
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Memphis

PLU = 93.89%

Local	72,415	198,164	\$0.019540	\$3,872.12
IntraLATA	4,713	12,896	\$0.014860	\$191.64

<b>Total Memphis Charges</b>	<b>77,128</b>	<b>211,059</b>		<b>\$4,063.76</b>
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<b>Total Tennessee Charges</b>	<b>161,502</b>	<b>505,662</b>		<b>\$9,667.55</b>
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**ALABAMA END OFFICES**

Birmingham

PLU = 87.19%

Local	4,189	12,292	\$0.009910	\$121.82
IntraLATA	616	1,806	\$0.013694	\$24.74

<b>Total Birmingham Charges</b>	<b>4,805</b>	<b>14,098</b>		<b>\$146.56</b>
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<b>Total Alabama Charges</b>	<b>4,805</b>	<b>14,098</b>		<b>\$146.56</b>
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<b>TOTAL ALL STATES</b>	<b>104,860,193</b>	<b>734,696,040</b>		<b>\$8,386,167.93</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 12/22/1999  
Bill Date 12/22/1999  
Payment Date: 01/22/2000  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES		ACCOUNT STATUS	
CALLS THROUGH 12/22/1999		PREVIOUS BALANCE	\$80,455,877.69
OTHER CHARGES AND CREDITS	\$7,871,618.59	PAYMENTS	\$79,203.21
LATE PAYMENT CHARGE	\$0.00	ADJUSTMENTS	\$0.00
FEDERAL TAX	\$0.00	CURRENT CHARGES	\$7,871,618.59
STATE TAX	\$0.00		
LOCAL TAX	\$0.00		
TOTAL CURRENT CHARGES	\$7,871,618.59		
		CURRENT BALANCE	\$88,248,293.07

**A Late Payment Charge of 1.0% is assessed on all past due balances.**  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
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Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 01/22/2000  
Amount Due \$88,248,293.07

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1999	01/22/2000	2

SUMMARY OF LOCAL ACCESS CHARGES	11/01/1999	Through	11/30/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

##### Jacksonville

PLU = 99.33%

Local	1,256,039	36,591,886	\$0.010560	\$386,410.32
IntraLATA	8,472	246,819	\$0.052131	\$12,866.94

<b>Total Jacksonville Charges</b>	<b>1,264,511</b>	<b>36,838,705</b>		<b>\$399,277.26</b>
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##### Miami

PLU = 99.89%

Local	15,412,152	390,284,511	\$0.010560	\$4,121,404.44
IntraLATA	16,972	429,786	\$0.052131	\$22,405.18

<b>Total Miami Charges</b>	<b>15,429,124</b>	<b>390,714,297</b>		<b>\$4,143,809.62</b>
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##### Orlando

PLU = 97.08%

Local	1,573,805	33,695,731	\$0.010560	\$355,826.92
IntraLATA	47,337	1,013,510	\$0.052131	\$52,835.29

<b>Total Orlando Charges</b>	<b>1,621,142</b>	<b>34,709,241</b>		<b>\$408,662.21</b>
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<b>Total Florida Charges</b>	<b>18,314,777</b>	<b>462,262,243</b>		<b>\$4,951,749.09</b>
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#### NORTH CAROLINA END OFFICES

##### Raleigh

PLU = 96.35%

Local	3,051,473	106,853,813	\$0.013440	\$1,436,115.25
IntraLATA	115,598	4,047,913	\$0.062757	\$254,034.88

<b>Total Raleigh Charges</b>	<b>3,167,071</b>	<b>110,901,726</b>		<b>\$1,690,150.13</b>
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##### Charlotte

PLU = 99.08%

Local	494,314	9,781,401	\$0.013440	\$131,462.04
IntraLATA	4,590	90,824	\$0.062757	\$5,699.88

<b>Total Charlotte Charges</b>	<b>498,904</b>	<b>9,872,226</b>		<b>\$137,161.92</b>
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<b>Total North Carolina Charges</b>	<b>3,665,975</b>	<b>120,773,952</b>		<b>\$1,827,312.05</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1999	01/22/2000	3

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	11/01/1999	Through	11/30/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**GEORGIA END OFFICES**

Atlanta

PLU = 97.34%

Local	4,881,480	105,242,611	\$0.009910	\$1,042,954.28
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IntraLATA	133,396	2,875,954	\$0.013204	\$37,974.10
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<b>Total Atlanta Charges</b>	5,014,876	108,118,565		\$1,080,928.38
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<b>Total Georgia Charges</b>	5,014,876	108,118,565		\$1,080,928.38
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**TENNESSEE END OFFICES**

Nashville

PLU = 88.92%

Local	57,405	185,323	\$0.019540	\$3,621.22
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IntraLATA	7,153	23,092	\$0.014860	\$343.15
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<b>Total Nashville Charges</b>	64,558	208,415		\$3,964.37
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Memphis

PLU = 93.89%

Local	80,003	371,539	\$0.019540	\$7,259.88
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IntraLATA	5,206	24,178	\$0.014860	\$359.29
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<b>Total Memphis Charges</b>	85,209	395,717		\$7,619.17
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<b>Total Tennessee Charges</b>	149,767	604,132		\$11,583.54
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**ALABAMA END OFFICES**

Birmingham

PLU = 87.19%

Local	1,438	3,818	\$0.009910	\$37.84
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IntraLATA	211	561	\$0.013694	\$7.69
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<b>Total Birmingham Charges</b>	1,649	4,378		\$45.53
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<b>Total Alabama Charges</b>	1,649	4,378		\$45.53
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<b>TOTAL ALL STATES</b>	27,147,044	691,763,270		\$7,871,618.59
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Elaine Bailey  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 11/22/1999  
Bill Date: 11/22/1999  
Payment Date: 12/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES		ACCOUNT STATUS	
CALLS THROUGH 11/22/1999		PREVIOUS BALANCE	\$66,334,273.64
OTHER CHARGES AND CREDITS	\$7,298,315.81	PAYMENTS	\$1,228,418.62
LATE PAYMENT CHARGE	\$0.00	ADJUSTMENTS	\$0.00
FEDERAL TAX	\$0.00	CURRENT CHARGES	\$7,298,315.81
STATE TAX	\$0.00		
LOCAL TAX	\$0.00		
TOTAL CURRENT CHARGES	\$7,298,315.81		
		CURRENT BALANCE	\$72,404,170.83

**A Late Payment Charge of 1.0% is assessed on all past due balances.**  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Elaine Bailey  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 12/22/1999  
Amount Due \$72,404,170.83

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619



Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	11/22/1999	12/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	10/01/1999	Through	10/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	1,035,730	32,232,609	\$0.01056	\$340,376.35
Miami, FL	15,184,322	398,862,178	\$0.01056	\$4,211,984.60
Orlando, FL	1,325,759	32,664,315	\$0.01056	\$344,935.17

<b>Total Florida Charges</b>	<b>17,545,811</b>	<b>463,759,102</b>		<b>\$4,897,296.12</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	2,736,142	96,703,097	\$0.01344	\$1,299,689.62
Charlotte, NC	384,271	8,183,269	\$0.01344	\$109,983.14

<b>Total North Carolina Charges</b>	<b>3,120,413</b>	<b>104,886,366</b>		<b>\$1,409,672.76</b>
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#### GEORGIA END OFFICES

Atlanta, GA	4,372,360	99,696,059	\$0.00991	\$987,987.94
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<b>Total Georgia Charges</b>	<b>4,372,360</b>	<b>99,696,059</b>		<b>\$987,987.94</b>
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#### TENNESSEE END OFFICES

Nashville, TN	2,223	9,072	\$0.01954	\$177.27
Memphis, TN	14,257	162,340	\$0.01954	\$3,172.12

<b>Total Tennessee Charges</b>	<b>16,480</b>	<b>171,412</b>		<b>\$3,349.39</b>
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#### ALABAMA END OFFICES

Birmingham, AL	333	968	\$0.00991	\$9.60
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<b>Total Alabama Charges</b>	<b>333</b>	<b>968</b>		<b>\$9.60</b>
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<b>TOTAL ALL STATES</b>	<b>25,055,397</b>	<b>668,513,907</b>		<b>\$7,298,315.81</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 10/22/1999  
Bill Date: 10/22/1999  
Payment Date: 11/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 10/22/1999	
OTHER CHARGES AND CREDITS	\$6,879,629.63
LATE PAYMENT CHARGE	\$0.00
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$6,879,629.63

ACCOUNT STATUS	
PREVIOUS BALANCE	\$62,626,848.19
PAYMENTS	\$3,172,204.18
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$6,879,629.63

CURRENT BALANCE \$66,334,273.64

**A Late Payment Charge of 1.0% is assessed on all past due balances.**  
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(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 11/22/1999  
Amount Due \$66,334,273.64

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	10/22/1999	11/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	09/01/1999	Through	09/30/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	956,833	30,320,432	\$0.01056	\$320,183.76
Miami, FL	14,285,730	377,397,668	\$0.01056	\$3,985,319.38
Orlando, FL	1,234,874	31,309,929	\$0.01056	\$330,632.85

<b>Total Florida Charges</b>	<b>16,477,437</b>	<b>439,028,028</b>		<b>\$4,636,135.98</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	2,721,021	91,495,672	\$0.01344	\$1,229,701.83
Charlotte, NC	351,015	7,327,234	\$0.01344	\$98,478.02

<b>Total North Carolina Charges</b>	<b>3,072,036</b>	<b>98,822,905</b>		<b>\$1,328,179.84</b>
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#### GEORGIA END OFFICES

Atlanta, GA	4,040,831	92,018,356	\$0.00991	\$911,901.90
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<b>Total Georgia Charges</b>	<b>4,040,831</b>	<b>92,018,356</b>		<b>\$911,901.90</b>
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#### TENNESSEE END OFFICES

Nashville, TN	1,493	3,458	\$0.01954	\$67.57
Memphis, TN	16,480	170,836	\$0.01954	\$3,338.14

<b>Total Tennessee Charges</b>	<b>17,973</b>	<b>174,294</b>		<b>\$3,405.70</b>
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#### ALABAMA END OFFICES

Birmingham, AL	251	624	\$0.00991	\$6.18
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<b>Total Alabama Charges</b>	<b>251</b>	<b>624</b>		<b>\$6.18</b>
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<b>TOTAL ALL STATES</b>	<b>23,608,528</b>	<b>630,044,207</b>		<b>\$6,879,629.61</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 09/22/1999  
Bill Date: 09/22/1999  
Payment Date: 10/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 09/22/1999	
OTHER CHARGES AND CREDITS	\$6,669,056.50
LATE PAYMENT CHARGE	\$0.00
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$6,669,056.50

ACCOUNT STATUS	
PREVIOUS BALANCE	\$55,957,791.70
PAYMENTS	\$0.00
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$6,669,056.50

CURRENT BALANCE \$62,626,848.20

A Late Payment Charge of 1.0% is assessed on all past due balances.  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
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BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 10/22/1999  
Amount Due \$62,626,848.20

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	09/22/1999	10/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	08/01/1999	Through	08/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	912,039	28,942,403	\$0.01056	\$305,631.78
Miami, FL	14,278,816	374,345,594	\$0.01056	\$3,953,089.47
Orlando, FL	1,132,508	31,232,363	\$0.01056	\$329,813.75

<b>Total Florida Charges</b>	<b>16,323,363</b>	<b>434,520,360</b>		<b>\$4,588,535.00</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	2,430,008	84,203,721	\$0.01344	\$1,131,698.00
Charlotte, NC	271,464	5,615,935	\$0.01344	\$75,478.17

<b>Total North Carolina Charges</b>	<b>2,701,472</b>	<b>89,819,656</b>		<b>\$1,207,176.17</b>
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#### GEORGIA END OFFICES

Atlanta, GA	3,799,489	87,862,049	\$0.00991	\$870,712.90
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<b>Total Georgia Charges</b>	<b>3,799,489</b>	<b>87,862,049</b>		<b>\$870,712.90</b>
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#### TENNESSEE END OFFICES

Nashville, TN	5,666	10,467	\$0.01954	\$204.52
Memphis, TN	14,985	124,018	\$0.01954	\$2,423.32

<b>Total Tennessee Charges</b>	<b>20,651</b>	<b>134,485</b>		<b>\$2,627.84</b>
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#### ALABAMA END OFFICES

Birmingham, AL	134	462	\$0.00991	\$4.58
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<b>Total Alabama Charges</b>	<b>134</b>	<b>462</b>		<b>\$4.58</b>
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<b>TOTAL ALL STATES</b>	<b>22,845,243</b>	<b>612,337,011</b>		<b>\$6,669,056.50</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 08/22/1999  
Bill Date 08/22/1999  
Payment Date: 09/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 08/22/1999	
OTHER CHARGES AND CREDITS	\$6,110,898.04
LATE PAYMENT CHARGE	\$493,533.60
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$6,604,431.64

ACCOUNT STATUS	
PREVIOUS BALANCE	\$49,353,360.06
PAYMENTS	\$0.00
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$6,604,431.64

CURRENT BALANCE \$55,957,791.70

A Late Payment Charge of 1.0% is assessed on all past due balances.  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

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Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 09/22/1999  
Amount Due \$55,957,791.70

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	08/22/1999	09/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	07/01/1999	Through	07/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**FLORIDA END OFFICES**

Jacksonville, FL	886,026	28,795,274	\$0.01056	\$304,078.09
Miami, FL	13,225,715	340,563,065	\$0.01056	\$3,596,345.97
Orlando, FL	938,054	26,329,933	\$0.01056	\$278,044.09

<b>Total Florida Charges</b>	<b>15,049,795</b>	<b>395,688,272</b>		<b>\$4,178,468.15</b>
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	2,426,296	81,701,181	\$0.01344	\$1,098,063.87
Charlotte, NC	188,168	3,931,930	\$0.01344	\$52,845.14

<b>Total North Carolina Charges</b>	<b>2,614,464</b>	<b>85,633,111</b>		<b>\$1,150,909.01</b>
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**GEORGIA END OFFICES**

Atlanta, GA	3,402,359	78,603,711	\$0.00991	\$778,962.78
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<b>Total Georgia Charges</b>	<b>3,402,359</b>	<b>78,603,711</b>		<b>\$778,962.78</b>
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**TENNESSEE END OFFICES**

Nashville, TN	64	9,104	\$0.01954	\$177.89
Memphis, TN	15,311	121,630	\$0.01954	\$2,376.65

<b>Total Tennessee Charges</b>	<b>15,375</b>	<b>130,734</b>		<b>\$2,554.54</b>
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**ALABAMA END OFFICES**

Birmingham, AL	153	359	\$0.00991	\$3.56
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<b>Total Alabama Charges</b>	<b>153</b>	<b>359</b>		<b>\$3.56</b>
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<b>TOTAL ALL STATES</b>	<b>21,082,146</b>	<b>560,056,187</b>		<b>\$6,110,898.04</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 07/22/1999  
Bill Date: 07/22/1999  
Payment Date: 08/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES		ACCOUNT STATUS	
CALLS THROUGH 07/22/1999		PREVIOUS BALANCE	\$56,107,123.73
OTHER CHARGES AND CREDITS	\$5,536,287.30	PAYMENTS	\$12,723,883.38
LATE PAYMENT CHARGE	\$433,832.41	ADJUSTMENTS	\$0.00
FEDERAL TAX	\$0.00	CURRENT CHARGES	\$5,970,119.71
STATE TAX	\$0.00		
LOCAL TAX	\$0.00		
TOTAL CURRENT CHARGES	\$5,970,119.71		
		CURRENT BALANCE	\$49,353,360.06

A Late Payment Charge of 1.0% is assessed on all past due balances.  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 08/22/1999  
Amount Due \$49,353,360.06

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619



Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	07/22/1999	08/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	06/01/1999	Through	06/30/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	883,491	27,670,322	\$0.01056	\$292,198.60
Miami, FL	12,340,340	313,073,624	\$0.01056	\$3,306,057.47
Orlando, FL	895,448	25,696,029	\$0.01056	\$271,350.07

<b>Total Florida Charges</b>	<b>14,119,279</b>	<b>366,439,975</b>		<b>\$3,869,606.14</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	2,153,337	73,662,378	\$0.01346	\$991,495.61
Charlotte, NC	150,167	3,257,726	\$0.01346	\$43,848.99

<b>Total North Carolina Charges</b>	<b>2,303,504</b>	<b>76,920,104</b>		<b>\$1,035,344.60</b>
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#### GEORGIA END OFFICES

Atlanta, GA	2,705,592	63,443,297	\$0.00991	\$628,723.07
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<b>Total Georgia Charges</b>	<b>2,705,592</b>	<b>63,443,297</b>		<b>\$628,723.07</b>
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#### TENNESSEE END OFFICES

Nashville, TN	1,030	2,389	\$0.01954	\$46.68
Memphis, TN	14,199	131,244	\$0.01954	\$2,564.51

<b>Total Tennessee Charges</b>	<b>15,229</b>	<b>133,633</b>		<b>\$2,611.19</b>
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#### ALABAMA END OFFICES

Birmingham, AL	95	232	\$0.00991	\$2.30
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<b>Total Alabama Charges</b>	<b>95</b>	<b>232</b>		<b>\$2.30</b>
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<b>TOTAL ALL STATES</b>	<b>19,143,699</b>	<b>506,937,241</b>		<b>\$5,536,287.30</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 06/22/1999  
Bill Date 06/22/1999  
Payment Date: 07/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES		ACCOUNT STATUS	
CALLS THROUGH 06/22/1999		PREVIOUS BALANCE	\$54,431,115.23
OTHER CHARGES AND CREDITS	\$5,140,324.05	PAYMENTS	\$3,968,937.33
LATE PAYMENT CHARGE	\$504,621.78	ADJUSTMENTS	\$0.00
FEDERAL TAX	\$0.00	CURRENT CHARGES	\$5,644,945.83
STATE TAX	\$0.00		
LOCAL TAX	\$0.00		
TOTAL CURRENT CHARGES	\$5,644,945.83		
		CURRENT BALANCE	\$56,107,123.73

**A Late Payment Charge of 1.0% is assessed on all past due balances.**  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 07/22/1999  
Amount Due \$56,107,123.73

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	06/22/1999	07/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	05/01/1999	Through	05/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	823,124	26,256,561	\$0.01056	\$277,269.28
Miami, FL	11,539,390	297,140,476	\$0.01056	\$3,137,803.43
Orlando, FL	882,440	25,748,772	\$0.01056	\$271,907.03

<b>Total Florida Charges</b>	<b>13,244,954</b>	<b>349,145,809</b>		<b>\$3,686,979.74</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	1,973,336	69,508,330	\$0.01346	\$935,582.12
Charlotte, NC	152,015	3,159,787	\$0.01346	\$42,530.73

<b>Total North Carolina Charges</b>	<b>2,125,351</b>	<b>72,668,117</b>		<b>\$978,112.85</b>
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#### GEORGIA END OFFICES

Atlanta, GA	2,002,200	47,742,797	\$0.00991	\$473,131.12
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<b>Total Georgia Charges</b>	<b>2,002,200</b>	<b>47,742,797</b>		<b>\$473,131.12</b>
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#### TENNESSEE END OFFICES

Nashville, TN	1,007	2,366	\$0.01954	\$46.23
Memphis, TN	13,034	104,994	\$0.01954	\$2,051.58

<b>Total Tennessee Charges</b>	<b>14,041</b>	<b>107,360</b>		<b>\$2,097.81</b>
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#### ALABAMA END OFFICES

Birmingham, AL	95	254	\$0.00991	\$2.52
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<b>Total Alabama Charges</b>	<b>95</b>	<b>254</b>		<b>\$2.52</b>
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<b>TOTAL ALL STATES</b>	<b>17,386,641</b>	<b>469,664,337</b>		<b>\$5,140,324.05</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 05/22/1999  
Bill Date: 05/22/1999  
Payment Date: 06/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 05/22/1999	
OTHER CHARGES AND CREDITS	\$4,960,582.36
LATE PAYMENT CHARGE	\$489,807.26
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$5,450,389.62

ACCOUNT STATUS	
PREVIOUS BALANCE	\$48,980,725.61
PAYMENTS	\$0.00
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$5,450,389.62

CURRENT BALANCE \$54,431,115.23

A Late Payment Charge of 1.0% is assessed on all past due balances.

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
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Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 06/22/1999  
Amount Due \$54,431,115.23

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	05/22/1999	06/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	04/01/1999	Through	04/30/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	880,438	26,464,782	\$0.01056	\$279,468.10
Miami, FL	10,930,829	279,336,888	\$0.01056	\$2,949,797.54
Orlando, FL	962,862	27,826,703	\$0.01056	\$293,849.98

<b>Total Florida Charges</b>	<b>12,774,129</b>	<b>333,628,373</b>		<b>\$3,523,115.62</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	1,927,283	68,479,454	\$0.01346	\$921,733.45
Charlotte, NC	172,316	3,404,709	\$0.01346	\$45,827.38

<b>Total North Carolina Charges</b>	<b>2,099,599</b>	<b>71,884,163</b>		<b>\$967,560.83</b>
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#### GEORGIA END OFFICES

Atlanta, GA	1,973,128	47,130,073	\$0.00991	\$467,059.02
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<b>Total Georgia Charges</b>	<b>1,973,128</b>	<b>47,130,073</b>		<b>\$467,059.02</b>
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#### TENNESSEE END OFFICES

Nashville, TN	935	2,042	\$0.01954	\$39.90
Memphis, TN	15,897	143,463	\$0.01954	\$2,803.27

<b>Total Tennessee Charges</b>	<b>16,832</b>	<b>145,505</b>		<b>\$2,843.17</b>
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#### ALABAMA END OFFICES

Birmingham, AL	106	375	\$0.00991	\$3.72
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<b>Total Alabama Charges</b>	<b>106</b>	<b>375</b>		<b>\$3.72</b>
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<b>TOTAL ALL STATES</b>	<b>16,863,794</b>	<b>452,788,489</b>		<b>\$4,960,582.36</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 04/22/1999  
Bill Date: 04/22/1999  
Payment Date: 05/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 04/22/1999	
OTHER CHARGES AND CREDITS	\$4,663,359.34
LATE PAYMENT CHARGE	\$438,785.80
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$5,102,145.14

ACCOUNT STATUS	
PREVIOUS BALANCE	\$44,592,013.24
PAYMENTS	\$713,432.77
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$5,102,145.14

CURRENT BALANCE \$48,980,725.61

A Late Payment Charge of 1.0% is assessed on all past due balances.

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 05/22/1999  
Amount Due \$48,980,725.61

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	04/22/1999	05/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	03/01/1999	Through	03/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**FLORIDA END OFFICES**

Jacksonville, FL	852,777	24,929,317	\$0.01056	\$263,253.59
Miami, FL	10,154,720	257,807,301	\$0.01056	\$2,722,445.10
Orlando, FL	930,211	25,627,137	\$0.01056	\$270,622.57

<b>Total Florida Charges</b>	<b>11,937,708</b>	<b>308,363,755</b>		<b>\$3,256,321.25</b>
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	1,926,338	65,209,275	\$0.01346	\$877,716.84
Charlotte, NC	186,689	3,500,455	\$0.01346	\$47,116.12

<b>Total North Carolina Charges</b>	<b>2,113,027</b>	<b>68,709,730</b>		<b>\$924,832.97</b>
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**GEORGIA END OFFICES**

Atlanta, GA	2,099,980	48,476,851	\$0.00991	\$480,405.59
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<b>Total Georgia Charges</b>	<b>2,099,980</b>	<b>48,476,851</b>		<b>\$480,405.59</b>
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**TENNESSEE END OFFICES**

Nashville, TN	968	2,132	\$0.01954	\$41.66
Memphis, TN	15,943	89,722	\$0.01954	\$1,753.17

<b>Total Tennessee Charges</b>	<b>16,911</b>	<b>91,854</b>		<b>\$1,794.83</b>
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**ALABAMA END OFFICES**

Birmingham, AL	351	474	\$0.00991	\$4.70
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<b>Total Alabama Charges</b>	<b>351</b>	<b>474</b>		<b>\$4.70</b>
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<b>TOTAL ALL STATES</b>	<b>16,167,977</b>	<b>425,642,664</b>		<b>\$4,663,359.34</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 03/22/1999  
Bill Date: 03/22/1999  
Payment Date: 04/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 03/22/1999	
OTHER CHARGES AND CREDITS	\$3,961,602.15
LATE PAYMENT CHARGE	\$402,281.30
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$4,363,883.45

ACCOUNT STATUS	
PREVIOUS BALANCE	\$40,574,986.62
PAYMENTS	\$346,856.83
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$4,363,883.45

CURRENT BALANCE \$44,592,013.24

A Late Payment Charge of 1.0% is assessed on all past due balances.  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

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Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 04/22/1999  
Amount Due \$44,592,013.24

Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238



Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	03/22/1999	04/22/1999	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	02/01/1999	Through	02/28/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville, FL	742,196	21,159,354	\$0.01056	\$223,442.78
Miami, FL	8,986,825	215,471,358	\$0.01056	\$2,275,377.54
Orlando, FL	707,359	18,359,704	\$0.01056	\$193,878.47

<b>Total Florida Charges</b>	<b>10,436,380</b>	<b>254,990,416</b>		<b>\$2,692,698.79</b>
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#### NORTH CAROLINA END OFFICES

Raleigh, NC	1,724,723	59,329,086	\$0.01346	\$798,569.50
Charlotte, NC	178,963	3,098,264	\$0.01346	\$41,702.63

<b>Total North Carolina Charges</b>	<b>1,903,686</b>	<b>62,427,350</b>		<b>\$840,272.13</b>
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#### GEORGIA END OFFICES

Atlanta, GA	1,906,240	43,248,388	\$0.00991	\$428,591.53
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<b>Total Georgia Charges</b>	<b>1,906,240</b>	<b>43,248,388</b>		<b>\$428,591.53</b>
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#### TENNESSEE END OFFICES

Nashville, TN	776	1,674	\$0.01954	\$32.71
Memphis, TN	0	0	\$0.01954	\$0.00

<b>Total Tennessee Charges</b>	<b>776</b>	<b>1,674</b>		<b>\$32.71</b>
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#### ALABAMA END OFFICES

Birmingham, AL	523	705	\$0.00991	\$6.99
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<b>Total Alabama Charges</b>	<b>523</b>	<b>705</b>		<b>\$6.99</b>
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<b>TOTAL ALL STATES</b>	<b>14,247,605</b>	<b>360,668,533</b>		<b>\$3,961,602.15</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 02/22/1999  
Bill Date 02/22/1999  
Payment Date: 03/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 02/22/1999	
OTHER CHARGES AND CREDITS	\$4,892,687.85
LATE PAYMENT CHARGE	\$353,290.09
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$5,245,977.94

ACCOUNT STATUS	
PREVIOUS BALANCE	\$35,831,848.34
PAYMENTS	\$502,839.66
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$5,245,977.94

CURRENT BALANCE \$40,574,986.62

A Late Payment Charge of 1% is assessed on all past due balances.  
FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

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Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 03/22/1999  
Amount Due \$40,574,986.62  
Amount Paid  
PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	02/22/1999	03/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	01/01/1999	Through	01/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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FLORIDA END OFFICES

Jacksonville, FL	750,823	21,769,444	\$0.01056	\$229,885.33
Miami, FL	9,121,065	232,903,870	\$0.01056	\$2,459,464.87
Orlando, FL	516,466	13,255,638	\$0.01056	\$139,979.54
Tampa, FL	0	0	\$0.01056	\$0.00

<b>Total Florida charges</b>	<b>10,388,354</b>	<b>267,928,952</b>		<b>\$2,829,329.73</b>
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NORTH CAROLINA END OFFICES

Raleigh, NC	1,775,288	62,756,142	\$0.01346	\$844,697.67
Charlotte, NC	180,883	3,452,216	\$0.01346	\$46,466.83

<b>Total North Carolina Charges</b>	<b>1,956,171</b>	<b>66,208,358</b>		<b>\$891,164.50</b>
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GEORGIA END OFFICES

Atlanta, GA	2,127,895	49,657,289	\$0.00991	\$492,103.73
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<b>Total Georgia Charges</b>	<b>2,127,895</b>	<b>49,657,289</b>		<b>\$492,103.73</b>
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TENNESSEE END OFFICES

Nashville, TN	70	158	\$0.01954	\$3.09
Memphis, TN	25,311	182,156	\$0.01954	\$3,559.33

<b>Total Tennessee Charges</b>	<b>25,381</b>	<b>182,314</b>		<b>\$3,562.42</b>
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ALABAMA END OFFICES

Birmingham, AL	288	252	\$0.00991	\$2.50
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<b>Total Alabama Charges</b>	<b>288</b>	<b>252</b>		<b>\$2.50</b>
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<b>TOTAL ALL STATES</b>	<b>14,498,089</b>	<b>383,977,165</b>		<b>\$4,216,162.88</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	02/22/1999	03/22/1999	3

SUMMARY OF LOCAL ACCESS CHARGES	12/21/1998	Through	12/31/1998
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**BACK BILLING OF MIAMI RECIPROCAL USAGE FROM 12/21/98 THRU 12/31/98**

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
Miami, FL	2,649,840	64,064,865	\$0.01056	\$676,524.97
<b>Total Florida charges</b>	<b>2,649,840</b>	<b>64,064,865</b>		<b>\$676,524.97</b>

<b>TOTAL ALL STATES</b>	<b>2,649,840</b>	<b>64,064,865</b>		<b>\$676,524.97</b>
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3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 01/22/2000  
Bill Date 01/22/2000  
Payment Date: 02/22/2000  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 01/22/2000	
OTHER CHARGES AND CREDITS	\$8,386,167.93
LATE PAYMENT CHARGE	\$638,650.76
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$9,024,818.69

ACCOUNT STATUS	
PREVIOUS BALANCE	\$88,248,293.07
PAYMENTS	\$1,161,575.83
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$9,024,818.69

CURRENT BALANCE \$96,111,535.93

A Late Payment Charge of 1.0% is assessed on all past due balances.

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

3625 Queen Palm Drive  
Tampa, FL 33619  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street, 7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 02/22/2000  
Amount Due \$96,111,535.93

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
Attn: CABS Payment Processing  
3625 Queen Palm Drive  
Tampa, FL 33619

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	01/22/2000	02/22/2000	2

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	12/01/1999	Through	12/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### FLORIDA END OFFICES

Jacksonville

PLU = 99.33%

Local	1,445,280	40,659,917	\$0.010560	\$429,368.73
IntraLATA	9,749	274,259	\$0.052131	\$14,297.40

<b>Total Jacksonville Charges</b>	<b>1,455,029</b>	<b>40,934,176</b>		<b>\$443,666.13</b>
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Miami

PLU = 99.89%

Local	91,036,917	394,548,414	\$0.010560	\$4,166,431.26
IntraLATA	100,251	434,481	\$0.052131	\$22,649.93

<b>Total Miami Charges</b>	<b>91,137,168</b>	<b>394,982,895</b>		<b>\$4,189,081.19</b>
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Orlando

PLU = 97.08%

Local	1,900,304	40,527,318	\$0.010560	\$427,968.49
IntraLATA	57,158	1,218,992	\$0.052131	\$63,547.29

<b>Total Orlando Charges</b>	<b>1,957,462</b>	<b>41,746,311</b>		<b>\$491,515.78</b>
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<b>Total Florida Charges</b>	<b>94,549,659</b>	<b>477,663,381</b>		<b>\$5,124,263.10</b>
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#### NORTH CAROLINA END OFFICES

Raleigh

PLU = 96.35%

Local	3,498,371	117,325,795	\$0.013440	\$1,576,858.68
IntraLATA	132,528	4,444,620	\$0.062757	\$278,931.03

<b>Total Raleigh Charges</b>	<b>3,630,899</b>	<b>121,770,415</b>		<b>\$1,855,789.71</b>
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Charlotte

PLU = 99.08%

Local	691,620	12,511,029	\$0.013440	\$168,148.23
IntraLATA	6,422	116,170	\$0.062757	\$7,290.50

<b>Total Charlotte Charges</b>	<b>698,042</b>	<b>12,627,199</b>		<b>\$175,438.73</b>
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<b>Total North Carolina Charges</b>	<b>4,328,941</b>	<b>134,397,614</b>		<b>\$2,031,228.44</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	01/22/2000	02/22/2000	3

<b>SUMMARY OF LOCAL ACCESS CHARGES</b>	12/01/1999	Through	12/31/1999
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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#### GEORGIA END OFFICES

Atlanta

PLU = 97.34%

Local	5,660,599	118,867,019	\$0.009910	\$1,177,972.16
IntraLATA	154,687	3,248,267	\$0.013204	\$42,890.12

<b>Total Atlanta Charges</b>	<b>5,815,286</b>	<b>122,115,285</b>		<b>\$1,220,862.28</b>
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<b>Total Georgia Charges</b>	<b>5,815,286</b>	<b>122,115,285</b>		<b>\$1,220,862.28</b>
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#### TENNESSEE END OFFICES

Nashville

PLU = 88.92%

Local	75,025	261,961	\$0.019540	\$5,118.72
IntraLATA	9,349	32,642	\$0.014860	\$485.07

<b>Total Nashville Charges</b>	<b>84,374</b>	<b>294,603</b>		<b>\$5,603.79</b>
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Memphis

PLU = 93.89%

Local	72,415	198,164	\$0.019540	\$3,872.12
IntraLATA	4,713	12,896	\$0.014860	\$191.64

<b>Total Memphis Charges</b>	<b>77,128</b>	<b>211,059</b>		<b>\$4,063.76</b>
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<b>Total Tennessee Charges</b>	<b>161,502</b>	<b>505,662</b>		<b>\$9,667.55</b>
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#### ALABAMA END OFFICES

Birmingham

PLU = 87.19%

Local	4,189	12,292	\$0.009910	\$121.82
IntraLATA	616	1,806	\$0.013694	\$24.74

<b>Total Birmingham Charges</b>	<b>4,805</b>	<b>14,098</b>		<b>\$146.56</b>
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<b>Total Alabama Charges</b>	<b>4,805</b>	<b>14,098</b>		<b>\$146.56</b>
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<b>TOTAL ALL STATES</b>	<b>104,860,193</b>	<b>734,696,040</b>		<b>\$8,386,167.93</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 01/22/1999  
Bill Date: 01/22/1999  
Payment Date: 02/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 01/22/1999	
OTHER CHARGES AND CREDITS	\$2,812,192.20
LATE PAYMENT CHARGE	\$326,927.29
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$3,139,119.49

ACCOUNT STATUS	
PREVIOUS BALANCE	\$32,692,728.85
PAYMENTS	\$0.00
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$3,139,119.49

CURRENT BALANCE \$35,831,848.34

A Late Payment Charge of 1.5% is assessed on all past due balances.

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 02/22/1999  
Amount Due \$35,831,848.34

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238



Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1998	01/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	12/01/1998	Through	12/31/1998
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**FLORIDA END OFFICES**

Jacksonville, FL	703,881	20,246,043	0.01056	\$213,798.21
Miami, FL	5,184,955	122,981,886	0.01056	\$1,298,688.72
Orlando, FL	469,630	11,749,738	0.01056	\$124,077.23
Tampa, FL	0	0	0.01056	\$0.00

<b>Total Florida charges</b>	<b>6,358,466</b>	<b>154,977,667</b>		<b>\$1,636,564.16</b>
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	1,451,655	54,159,787	\$0.01346	\$728,990.73
Charlotte, NC	184,693	3,391,058	\$0.01346	\$45,643.64

<b>Total North Carolina Charges</b>	<b>1,636,348</b>	<b>57,550,845</b>		<b>\$774,634.37</b>
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**GEORGIA END OFFICES**

Atlanta, GA	1,757,400	40,152,288	\$0.00991	\$397,909.17
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<b>Total Georgia Charges</b>	<b>1,757,400</b>	<b>40,152,288</b>		<b>\$397,909.17</b>
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**TENNESSEE END OFFICES**

Nashville, TN	69	222	\$0.01954	\$4.34
Memphis, TN	24,939	157,571	\$0.01954	\$3,078.94

<b>Total Tennessee Charges</b>	<b>25,008</b>	<b>157,793</b>		<b>\$3,083.28</b>
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**ALABAMA END OFFICES**

Birmingham, AL	43	122	\$0.00991	\$1.21
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<b>Total Alabama Charges</b>	<b>43</b>	<b>122</b>		<b>\$1.21</b>
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<b>TOTAL ALL STATES</b>	<b>9,777,265</b>	<b>252,838,715</b>		<b>2,812,192.20</b>
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P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number: 2030678  
Service Thru: 12/22/1998  
Bill Date 12/22/1998  
Payment Date: 01/22/1999  
Page: 1

### STATEMENT SUMMARY

CURRENT CHARGES	
CALLS THROUGH 12/22/1998	
OTHER CHARGES AND CREDITS	\$3,395,024.99
LATE PAYMENT CHARGE	\$ 1,685,926.40
FEDERAL TAX	\$0.00
STATE TAX	\$0.00
LOCAL TAX	\$0.00
TOTAL CURRENT CHARGES	\$5,080,951.39

ACCOUNT STATUS	
PREVIOUS BALANCE	\$27,611,777.46
PAYMENTS	\$0.00
ADJUSTMENTS	\$0.00
CURRENT CHARGES	\$5,080,951.39

CURRENT BALANCE \$32,692,728.85

**This Invoice includes the Back Billing of Late Payment Charges.  
It also includes any Back Billing for previously Unbilled Usage**

FOR ASSISTANCE PLEASE CALL LORRAINE PACI at (800) 940-0011, EXT. 4657  
Please detach at perforation and return coupon below.

P.O. Box 915238  
Orlando, FL 32891-5238  
(800) 250-9999

BellSouth Telecommunications, Inc.  
ATTN:Interconnection Purchasing Center  
600 North 19th Street  
7th Floor  
Birmingham, AL 35203

Account Number 2030678  
Payment Due Date 01/22/1999  
Amount Due \$32,692,728.85

Amount Paid

PLEASE REMIT PAYMENT TO:  
Intermedia Communications  
P.O. Box 915238  
Orlando, FL 32891-5238

Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1998	01/22/1999	2

SUMMARY OF LOCAL ACCESS CHARGES	11/01/1998	Through	11/30/1998
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CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**FLORIDA END OFFICES**

Jacksonville, FL	741,381	22,194,744	\$0.01056	\$234,376.50
Miami, FL	7,162,097	177,713,940	\$0.01056	\$1,876,659.21
Orlando, FL	430,533	10,868,440	\$0.01056	\$114,770.73
Tampa, FL	0	0	\$0.01056	\$0.00
<b>Total Florida Charges</b>	<b>8,334,011.00</b>	<b>210,777,124</b>		<b>\$2,225,806.43</b>

**NORTH CAROLINA END OFFICES**

Raleigh, NC	1,487,404	51,952,293	\$0.01346	\$699,277.86
Charlotte, NC	171,698	3,295,357	\$0.01346	\$44,355.51
<b>Total North Carolina Charges</b>	<b>1,659,102</b>	<b>55,247,650</b>		<b>\$743,633.37</b>

**GEORGIA END OFFICES**

Atlanta, GA	1,078,638	23,327,010	\$0.00991	\$231,170.67
<b>Total Georgia Charges</b>	<b>1,078,638</b>	<b>23,327,010</b>		<b>\$231,170.67</b>

**TENNESSEE END OFFICES**

Memphis, TN	17,172	143,046	\$0.01954	\$2,795.12
<b>Total Tennessee Charges</b>	<b>17,172</b>	<b>143,046</b>		<b>\$2,795.12</b>

<b>TOTAL ALL STATES</b>	<b>11,071,751.00</b>	<b>289,351,784</b>		<b>\$3,203,405.59</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1998	01/22/1999	3

SUMMARY OF LOCAL ACCESS CHARGES	10/01/1998	Through	10/31/1998
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**BACK BILLING OF RECIPROCAL SERVICES**

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	160,279	3,526,134	\$0.01346	\$47,461.76
<b>Total North Carolina Charges</b>	<b>160,279</b>	<b>3,526,134</b>		<b>\$47,461.76</b>

**TENNESSEE END OFFICES**

Memphis, TN	6,964	153,214	\$0.01954	\$2,993.80
<b>Total Tennessee Charges</b>	<b>6,964</b>	<b>153,214</b>		<b>\$2,993.80</b>

<b>TOTAL ALL STATES</b>	<b>167,243</b>	<b>3,679,348</b>		<b>\$50,455.56</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	4

SUMMARY OF LOCAL ACCESS CHARGES	09/01/98	Through	09/30/98
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**BACK BILLING OF RECIPROCAL SERVICES**

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	151,730	3,338,051	\$0.01346	\$44,930.16
<b>Total North Carolina Charges</b>	<b>151,730</b>	<b>3,338,051</b>		<b>\$44,930.16</b>

**TENNESSEE END OFFICES**

Memphis, TN	4,702	103,443	\$0.01954	\$2,021.27
<b>Total Tennessee Charges</b>	<b>4,702</b>	<b>103,443</b>		<b>\$2,021.27</b>

<b>TOTAL ALL STATES</b>	<b>156,432</b>	<b>3,441,493</b>		<b>\$46,951.43</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	5

SUMMARY OF LOCAL ACCESS CHARGES	08/01/98	Through	08/31/98
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**BACK BILLING OF RECIPROCAL SERVICES**

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	131,967	2,903,265	\$0.01346	\$39,077.95
<b>Total North Carolina Charges</b>	<b>131,967</b>	<b>2,903,265</b>		<b>\$39,077.95</b>

**TENNESSEE END OFFICES**

Memphis, TN	4,924	108,333	\$0.01954	\$2,116.82
<b>Total Tennessee Charges</b>	<b>4,924</b>	<b>108,333</b>		<b>\$2,116.82</b>

<b>TOTAL ALL STATES</b>	<b>136,891</b>	<b>3,011,598</b>		<b>\$41,194.77</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	6

SUMMARY OF LOCAL ACCESS CHARGES	07/01/98	Through	07/31/98
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BACK BILLING OF RECIPROCAL SERVICES

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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NORTH CAROLINA END OFFICES

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	77,515	1,705,321	\$0.01346	\$22,953.61
Total North Carolina Charges	77,515	1,705,321		\$22,953.61

TENNESSEE END OFFICES

Memphis, TN	1,225	26,952	\$0.01954	\$526.65
Total Tennessee Charges	1,225	26,952		\$526.65

TOTAL ALL STATES	78,740	1,732,273		\$23,480.26
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	7

SUMMARY OF LOCAL ACCESS CHARGES	06/01/98	Through	06/30/98
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BACK BILLING OF RECIPROCAL SERVICES

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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NORTH CAROLINA END OFFICES

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	75,848	1,668,647	\$0.01346	\$22,459.99
Total North Carolina Charges	75,848	1,668,647		\$22,459.99

TENNESSEE END OFFICES

Memphis, TN	3,400	74,802	\$0.01954	\$1,461.64
Total Tennessee Charges	3,400	74,802		\$1,461.64

TOTAL ALL STATES	79,248	1,743,449		\$23,921.63
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	8

SUMMARY OF LOCAL ACCESS CHARGES	05/01/98	Through	05/31/98
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BACK BILLING OF RECIPROCAL SERVICES

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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NORTH CAROLINA END OFFICES

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	10,976	241,463	\$0.01346	\$3,250.10
Total North Carolina Charges	10,976	241,463		\$3,250.10

TENNESSEE END OFFICES

Memphis, TN	1,045	22,994	\$0.01954	\$449.30
Total Tennessee Charges	1,045	22,994		\$449.30

TOTAL ALL STATES	12,021	264,457		\$3,699.39
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	9

SUMMARY OF LOCAL ACCESS CHARGES	04/01/98	Through	04/30/98
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**BACK BILLING OF RECIPROCAL SERVICES**

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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**NORTH CAROLINA END OFFICES**

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	1,717	37,780	\$0.01346	\$508.51
<b>Total North Carolina Charges</b>	<b>1,717</b>	<b>37,780</b>		<b>\$508.51</b>

**TENNESSEE END OFFICES**

Memphis, TN	585	12,865	\$0.01954	\$251.38
<b>Total Tennessee Charges</b>	<b>585</b>	<b>12,865</b>		<b>\$251.38</b>

<b>TOTAL ALL STATES</b>	<b>2,302</b>	<b>50,644</b>		<b>\$759.89</b>
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	10

SUMMARY OF LOCAL ACCESS CHARGES	03/01/98	Through	03/31/98
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BACK BILLING OF RECIPROCAL SERVICES

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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NORTH CAROLINA END OFFICES

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	2,268	49,888	\$0.01346	\$671.49
Total North Carolina Charges	2,268	49,888		\$671.49

TENNESSEE END OFFICES

Memphis, TN	878	19,326	\$0.01954	\$377.64
Total Tennessee Charges	878	19,326		\$377.64

TOTAL ALL STATES	3,146	69,214		\$1,049.13
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/98	01/22/99	11

SUMMARY OF LOCAL ACCESS CHARGES	02/01/98	Through	02/28/98
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BACK BILLING OF RECIPROCAL SERVICES

CITY/SWITCH LOCATION	MESSAGES	MINUTES OF USE	RATE	CHARGES
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NORTH CAROLINA END OFFICES

Raleigh, NC	0	0	\$0.01346	\$0.00
Charlotte, NC	363	7,975	\$0.01346	\$107.34
Total North Carolina Charges	363	7,975		\$107.34

TOTAL ALL STATES	363	7,975		\$107.34
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Account Name	Acct Number	Service Thru	Due Date	Page
BellSouth Communications	2030678	12/22/1998	01/22/1999	12

**SUMMARY OF LATE PAYMENT CHARGES:**

<u>Invoice Date</u>	<u>Previous Balance</u>	<u>Payments</u>	<u>Finance Charge %</u>	<u>Finance Charges</u>
Nov-97	\$ 5,077,175.30		1.0%	\$ 50,771.75
Dec-97	\$ 6,210,699.00		1.0%	\$ 62,106.99
Jan-98	\$ 7,481,116.61		1.0%	\$ 74,811.17
Feb-98	\$ 9,158,474.56		1.0%	\$ 91,584.75
Mar-98	\$ 10,635,610.33		1.0%	\$ 106,356.10
Apr-98	\$ 12,784,625.11		1.0%	\$ 127,846.25
May-98	\$ 14,956,905.64		1.0%	\$ 149,569.06
Jun-98	\$ 16,979,834.01	\$ 933,839.01	1.0%	\$ 160,459.95
Jul-98	\$ 18,077,441.59	\$ 832,460.22	1.0%	\$ 172,449.81
Aug-98	\$ 19,569,012.01		1.0%	\$ 195,690.12
Sep-98	\$ 22,248,056.86	\$ 431,789.11	1.0%	\$ 218,162.68
Nov-98	\$ 27,611,777.46		1.0%	\$ 276,117.77
<b>TOTAL LATE PAYMENT CHARGES</b>				<b>\$ 1,685,926.40</b>

## **Exhibit 6**

**BELLSOUTH RECONCILIATION**  
Tennessee

Invoice Date	Posted Date	Payments	Balance	Balance > 90 days	Late Charge 1%	Current Month Total
12/01/1998			2,795.12		0.00	2,795.12
12/01/1998			10,198.50		0.00	10,198.50
01/01/1999			3,083.28		0.00	3,083.28
02/12/1999			3,562.42		0.00	3,562.42
03/03/1999	03/23/1999	\$ 1,856.45	(1,623.74)	11,337.17	113.37	(1,510.37)
04/13/1999	04/29/1999	\$ 7,306.65	(5,511.82)	8,770.25	87.70	(5,424.12)
05/14/1999			2,843.17	19,639.32	196.39	3,039.56
06/14/1999	06/21/1999	\$ 736.13	1,359.68	17,390.82	173.91	1,533.59
07/14/1999			2,611.19	12,704.83	127.05	2,738.24
08/22/1999			2,554.54	15,744.40	157.44	2,711.98
09/10/1999	09/13/1999	\$ 1,394.79	1,233.05	15,883.20	158.83	1,391.88
10/12/1999	10/26/1999	\$ 507.05	2,898.65	19,509.17	195.09	3,093.74
11/22/1999			10,978.44		0.00	10,978.44
11/22/1999	11/26/1999	\$ 2,856.00	38,570.28	19,872.21	198.72	38,769.00
12/22/1999			11,563.54	24,120.09	241.20	11,824.74
01/22/2000	01/27/2000	\$ 1,725.67	7,941.88	25,488.16	254.88	8,196.76
02/22/2000	02/21/2000	\$ 1,000.21	40,871.42	37,192.06	371.92	41,243.34
03/01/2000	03/01/2000	\$ 1,635.71	35,722.18	75,325.56	753.26	36,475.44
03/23/2000	03/23/2000	\$ 4,206.01	(4,206.01)		0.00	(4,206.01)
			0.00		0.00	0.00
<b>Total</b>		<b>23,028.67</b>	<b>167,466.77</b>	<b>302,977.25</b>	<b>3,029.77</b>	<b>170,495.54</b>

## Exhibit 7



United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

Argued November 22, 1999      Decided March 24, 2000

No. 99-1094

Bell Atlantic Telephone Companies,  
Petitioner

v.

Federal Communications Commission and  
United States of America,  
Respondents

Telecommunications Resellers Association, et al.,  
Intervenors

Consolidated with  
99-1095, 99-1097, 99-1106, 99-1126,  
99-1134, 99-1136, 99-1145,

On Petitions for Review of a Declaratory Ruling of the  
Federal Communications Commission

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Mark L. Evans and Darryl M. Bradford argued the causes for petitioners. With them on the briefs were Thomas F. O'Neil, III, Adam H. Charnes, Mark B. Ehrlich, Donald B. Verrilli, Jr., Jodie L. Kelley, John J. Hamill, Emily M. Williams, Theodore Case Whitehouse, Thomas Jones, Albert H. Kramer, Andrew D. Lipman, Richard M. Rindler, Robert M. McDowell, Robert D. Vandiver, Cynthia Brown Miller, Charles C. Hunter, Catherine M. Hannan, Michael D. Hays, Laura H. Phillips, J. G. Harrington, William P. Barr, M. Edward Whelan, III, Michael K. Kellogg, Michael E. Glover, Robert B. McKenna, William T. Lake, John H. Harwood, II, Jonathan J. Frankel, Robert Sutherland, William B. Barfield, Theodore A. Livingston and John E. Muench. Maureen F. Del Duca, Lynn R. Charytan, Gail L. Polivy, John F. Raposa and Lawrence W. Katz entered appearances.

Christopher J. Wright, General Counsel, Federal Communications Commission, argued the cause for respondents. With him on the brief were Daniel M. Armstrong, Associate General Counsel, and John E. Ingle, Laurence N. Bourne and Lisa S. Gelb, Counsel. Catherine G. O'Sullivan and Nancy C. Garrison, Attorneys, U.S. Department of Justice, entered appearances.

David L. Lawson argued the cause for intervenors in opposition to the LEC petitioners. With him on the brief were Mark C. Rosenblum, David W. Carpenter, James P. Young, Emily M. Williams, Andrew D. Lipman, Richard M. Rindler, Robert D. Vandiver, Cynthia Brown Miller, Theodore Case Whitehouse, Thomas Jones, John D. Seiver, Charles C. Hunter, Catherine M. Hannan, Carol Ann Bischoff and Robert M. McDowell.

William P. Barr, M. Edward Whelan, Michael E. Glover, Mark L. Evans, Michael K. Kellogg, Mark D. Roellig, Dan Poole, Robert B. McKenna, William T. Lake, John H. Harwood, II, Jonathan J. Frankel, Robert Sutherland, William B. Barfield, Theodore A. Livingston and John E. Muench were on the brief for the Local Exchange Carrier intervenors.

Robert J. Aamoth, Ellen S. Levine, Charles D. Gray, James B. Ramsay, Jonathan J. Nadler, David A. Gross,

Curtis T. White, Edward Hayes, Jr., and David M. Janas entered appearances for intervenors

Before: Williams, Sentelle and Randolph, Circuit Judges.

Opinion for the Court filed by Circuit Judge Williams.

Williams, Circuit Judge: The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 47 U.S.C. ss 151-714, requires local exchange carriers ("LECs") to "establish reciprocal compensation arrangements for the transport and termination of telecommunications." Id. s 251(b)(5). When LECs collaborate to complete a call, this provision ensures compensation both for the originating LEC, which receives payment from the end-user, and for the recipient's LEC. By regulation the Commission has limited the scope of the reciprocal compensation requirement to "local telecommunications traffic." 47 CFR s 51.701(a). In the ruling under review, it considered whether calls to internet service providers ("ISPs") within the caller's local calling area are themselves "local." In doing so it applied its so-called "end-to-end" analysis, noting that the communication characteristically will ultimately (if indirectly) extend beyond the ISP to websites out-of-state and around the world. Accordingly it found the calls non-local. See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, 14 FCC Rcd 3689, 3690 (p 1) (1999) ("FCC Ruling").

Having thus taken the calls to ISPs out of s 251(b)(5)'s provision for "reciprocal compensation" (as it interpreted it), the Commission could nonetheless itself have set rates for such calls, but it elected not to. In a Notice of Proposed Rulemaking, CC Docket 99-68, the Commission tentatively concluded that "a negotiation process, driven by market forces, is more likely to lead to efficient outcomes than are rates set by regulation," FCC Ruling, 14 FCC Rcd at 3707 (p 29), but for the nonce it left open the matter of implementing a system of federal controls. It observed that in the

meantime parties may voluntarily include reciprocal compensation provisions in their interconnection agreements, and that state commissions, which have authority to arbitrate disputes over such agreements, can construe the agreements as requiring such compensation; indeed, even when the agreements of interconnecting LECs include no linguistic hook for such a requirement, the commissions can find that reciprocal compensation is appropriate. FCC Ruling, 14 FCC Rcd at 3703-05 (p p 24-25); see s 251(b)(1) (establishing such authority). "[A]ny such arbitration," it added, "must be consistent with governing federal law." FCC Ruling, 14 FCC Rcd at 3705 (p 25).

This outcome left at least two unhappy groups. One, led by Bell Atlantic, consists of incumbent LECs (the "incumbents"). Quite content with the Commission's finding of s 251(b)(5)'s inapplicability, the incumbents objected to its conclusion that in the absence of federal regulation state commissions have the authority to impose reciprocal compensation. Although the Commission's new rulemaking on the subject may eventuate in a rule that preempts the states' authority, the incumbents object to being left at the mercy of state commissions until that (hypothetical) time, arguing that the commissions have mandated exorbitant compensation. In particular, the incumbents, who are paid a flat monthly fee, have generally been forced to provide compensation for internet calls on a per-minute basis. Given the average length of such calls the cost can be substantial, and since ISPs do not make outgoing calls, this compensation is hardly "reciprocal."

Another group, led by MCI WorldCom, consists of firms that are seeking to compete with the incumbent LECs and which provide local exchange telecommunications services to ISPs (the "competitors"). These firms, which stand to receive reciprocal compensation on ISP-bound calls, petitioned for review with the complaint that the Commission erred in finding that the calls weren't covered by s 251(b)(5).

The end-to-end analysis applied by the Commission here is one that it has traditionally used to determine whether a call is within its interstate jurisdiction. Here it used the analysis for quite a different purpose, without explaining why such an extension made sense in terms of the statute or the Commis-

sion's own regulations. Because of this gap, we vacate the ruling and remand the case for want of reasoned decision-making.

\* \* \*

In February 1996 Congress passed the Telecommunications Act of 1996 (the "1996 Act" or the "Act"), stating an intent to open local telephone markets to competition. See H.R. Conf. Rep. No. 104-458, at 113 (1996). Whereas before local exchange carriers generally had state-licensed monopolies in each local service area, the 1996 Act set out to ensure that "[s]tates may no longer enforce laws that impede[ ] competition," and subjected incumbent LECs "to a host of duties intended to facilitate market entry." *AT&T Corp. v. Iowa Utils. Bd.*, 119 S. Ct. 721, 726 (1999).

Among the duties of incumbent LECs is to "provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network ... for the transmission and routing of telephone exchange service and exchange access." 47 U.S.C. s 251(c)(2). ("Telephone exchange service" and "exchange access" are words of art to which we shall later return.) Competitor LECs have sprung into being as a result, and their customers call, and receive calls from, customers of the incumbents.

We have already noted that s 251(b)(5) of the Act establishes the duty among local exchange carriers "to establish reciprocal compensation arrangements for the transport and termination of telecommunications." 47 U.S.C. s 251(b)(5). Thus, when a customer of LEC A calls a customer of LEC B, LEC A must pay LEC B for completing the call, a cost usually paid on a per-minute basis. Although s 251(b)(5) purports to extend reciprocal compensation to all "telecommunications," the Commission has construed the reciprocal compensation requirement as limited to local traffic. See 47 CFR s 51.701(a) ("The provisions of this subpart apply to reciprocal compensation for transport and termination of local telecommunications traffic between LECs and other telecom-

munications carriers."). LECs that originate or terminate long-distance calls continue to be compensated with "access charges," as they were before the 1996 Act. Unlike reciprocal compensation, these access charges are not paid by the originating LEC. Instead, the long-distance carrier itself pays both the LEC that originates the call and links the caller to the long distance network, and the LEC that terminates the call. See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, 11 FCC Rcd 15499, 16013 (p 1034) (1996) ("Local Competition Order").

The present case took the Commission beyond these traditional telephone service boundaries. The internet is "an international network of interconnected computers that enables millions of people to communicate with one another in 'cyberspace' and to access vast amounts of information from around the world." *Reno v. ACLU*, 521 U.S. 844, 844 (1997). Unlike the conventional "circuit-switched network," which uses a single end-to-end path for each transmission, the internet is a "distributed packet-switched network, which means that information is split up into small chunks or 'packets' that are individually routed through the most efficient path to their destination." In the Matter of Federal-State Joint Board on Universal Service, 13 FCC Rcd 11501, 11532 (p 64) (1998) ("Universal Service Report"). ISPs are entities that allow their customers access to the internet. Such a customer, an "end user" of the telephone system, will use a computer and modem to place a call to the ISP server in his local calling area. He will usually pay a flat monthly fee to the ISP (above the flat fee already paid to his LEC for use of the local exchange network). The ISP "typically purchases business lines from a LEC, for which it pays a flat monthly fee that allows unlimited incoming calls." FCC Ruling, 14 FCC Rcd at 3691 (p 4).

In the ruling now under review, the Commission concluded that s 251(b)(5) does not impose reciprocal compensation requirements on incumbent LECs for ISP-bound traffic. FCC Ruling, 14 FCC Rcd at 3690 (p 1). Faced with the question whether such traffic is "local" for purposes of its

regulation limiting s 251(b)(5) reciprocal compensation to local traffic, the Commission used the "end-to-end" analysis that it has traditionally used for jurisdictional purposes to determine whether particular traffic is interstate. Under this method, it has focused on "the end points of the communication and consistently has rejected attempts to divide communications at any intermediate points of switching or exchanges between carriers." FCC Ruling, 14 FCC Rcd at 3695 (p 10). We save for later an analysis of the various FCC precedents on which the Commission purported to rely in choosing this mode of analysis.

Before actually applying that analysis, the Commission brushed aside a statutory argument of the competitor LECs. They argued that ISP-bound traffic must be either "telephone exchange service," as defined in 47 U.S.C. s 153(47), or "exchange access," as defined in s 153(16).<sup>1</sup> It could not be the latter, they reasoned, because ISPs do not assess toll charges for the service (see id., "the offering of access ... for the purpose of the origination or termination of telephone toll services"), and therefore it must be the former, for which reciprocal compensation is mandated. Here the Commission's answer was that it has consistently treated ISPs (and ESPs generally) as "users of access service," while treating them as end users merely for access charge purposes. FCC Ruling, 14 FCC Rcd at 3701 (p 17).

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<sup>1</sup> "Telephone exchange service" is defined as:

(A) service within a telephone exchange, or within a connected system of telephone exchanges within the same exchange area operated to furnish to subscribers intercommunicating service of the character ordinarily furnished by a single exchange, and which is covered by the exchange service charge, or (B) comparable service provided through a system of switches, transmission equipment, or other facilities (or combination thereof) by which a subscriber can originate and terminate a telecommunications service.

47 U.S.C. s 153(47). "Exchange access" is defined as:

the offering of access to telephone exchange services or facilities for the purpose of the origination or termination of telephone toll services.

Id. s 153(16).

Having decided to use the "end-to-end" method, the Commission considered whether ISP-bound traffic is, under this method, in fact interstate. In a conventional "circuit-switched network," the jurisdictional analysis is straightforward: a call is intrastate if, and only if, it originates and terminates in the same state. In a "packet-switched network," the analysis is not so simple, as "[a]n Internet communication does not necessarily have a point of 'termination' in the traditional sense." FCC Ruling, 14 FCC Rcd at 3701-02 (p 18). In a single session an end user may communicate with multiple destination points, either sequentially or simultaneously. Although these destinations are sometimes intrastate, the Commission concluded that "a substantial portion of Internet traffic involves accessing interstate or foreign websites." Id. Thus reciprocal compensation was not due, and the issue of compensation between the two local LECs was left initially to the LECs involved, subject to state commissions' power to order compensation in the "arbitration" proceedings, and, of course to whatever may follow from the Commission's new rulemaking on its own possible ratesetting.

\* \* \*

The issue at the heart of this case is whether a call to an ISP is local or long-distance. Neither category fits clearly. The Commission has described local calls, on the one hand, as those in which LECs collaborate to complete a call and are compensated for their respective roles in completing the call, and long-distance calls, on the other, as those in which the LECs collaborate with a long-distance carrier, which itself charges the end-user and pays out compensation to the LECs. See Local Competition Order, 11 FCC Rcd at 16013 (p 1034) (1996).

Calls to ISPs are not quite local, because there is some communication taking place between the ISP and out-of-state websites. But they are not quite long-distance, because the subsequent communication is not really a continuation, in the conventional sense, of the initial call to the ISP. The Commission's ruling rests squarely on its decision to employ an



end-to-end analysis for purposes of determining whether ISP-traffic is local. There is no dispute that the Commission has historically been justified in relying on this method when determining whether a particular communication is jurisdictionally interstate. But it has yet to provide an explanation why this inquiry is relevant to discerning whether a call to an ISP should fit within the local call model of two collaborating LECs or the long-distance model of a long-distance carrier collaborating with two LECs.

In fact, the extension of "end-to-end" analysis from jurisdictional purposes to the present context yields intuitively backwards results. Calls that are jurisdictionally intrastate will be subject to the federal reciprocal compensation requirement, while calls that are interstate are not subject to federal regulation but instead are left to potential state regulation. The inconsistency is not necessarily fatal, since under the 1996 Act the Commission has jurisdiction to implement such provisions as s 251, even if they are within the traditional domain of the states. See AT&T Corp., 119 S. Ct. at 730. But it reveals that arguments supporting use of the end-to-end analysis in the jurisdictional analysis are not obviously transferable to this context.

In attacking the Commission's classification of ISP-bound calls as non-local for purposes of reciprocal compensation, MCI WorldCom notes that under 47 CFR s 51.701(b)(1) "telecommunications traffic" is local if it "originates and terminates within a local service area." But, observes MCI WorldCom, the Commission failed to apply, or even to mention, its definition of "termination," namely "the switching of traffic that is subject to section 251(b)(5) at the terminating carrier's end office switch (or equivalent facility) and delivery of that traffic from that switch to the called party's premises." Local Competition Order, 11 FCC Rcd at 16015 (p 1040); 47 CFR s 51.701(d). Calls to ISPs appear to fit this definition: the traffic is switched by the LEC whose customer is the ISP and then delivered to the ISP, which is clearly the "called party."

In its ruling the Commission avoided this result by analyzing the communication on an end-to-end basis: "[T]he communications at issue here do not terminate at the ISP's local server ..., but continue to the ultimate destination or destinations." FCC Ruling, 14 FCC Rcd at 3697 (p 12). But the cases it relied on for using this analysis are not on point. Both involved a single continuous communication, originated by an end-user, switched by a long-distance communications carrier, and eventually delivered to its destination. One, *Teleconnect Co. v. Bell Telephone Co.*, 10 FCC Rcd 1626 (1995), *aff'd sub nom. Southwestern Bell Tel. Co. v. FCC*, 116 F.3d 593 (D.C. Cir. 1997) ("*Teleconnect*"), involved an 800 call to a long-distance carrier, which then routed the call to its intended recipient. The other, *In the Matter of Petition for Emergency Relief and Declaratory Ruling Filed by the Bell-South Corporation*, 7 FCC Rcd 1619 (1992), considered a voice mail service. Part of the service, the forwarding of the call from the intended recipient's location to the voice mail apparatus and service, occurred entirely within the subscriber's state, and thus looked local. Looking "end-to-end," however, the Commission refused to focus on this portion of the call but rather considered the service in its entirety (i.e., originating with the out-of-state caller leaving a message, or the subscriber calling from out-of-state to retrieve messages). *Id.* at 1621 (p 12).

ISPs, in contrast, are "information service providers," *Universal Service Report*, 13 FCC Rcd at 11532-33 (p 66), which upon receiving a call originate further communications to deliver and retrieve information to and from distant websites. The Commission acknowledged in a footnote that the cases it relied upon were distinguishable, but dismissed the problem out-of-hand: "Although the cited cases involve interexchange carriers rather than ISPs, and the Commission has observed that 'it is not clear that [information service providers] use the public switched network in a manner analogous to IXCs,' *Access Charge Reform Order*, 12 FCC Rcd at 16133, the Commission's observation does not affect the jurisdictional analysis." FCC Ruling, 14 FCC Rcd at 3697 n.36 (p 12). It is not clear how this helps the Commission. Even if the difference between ISPs and traditional long-distance carriers

is irrelevant for jurisdictional purposes, it appears relevant for purposes of reciprocal compensation. Although ISPs use telecommunications to provide information service, they are not themselves telecommunications providers (as are long-distance carriers).

In this regard an ISP appears, as MCI WorldCom argued, no different from many businesses, such as "pizza delivery firms, travel reservation agencies, credit card verification firms, or taxicab companies," which use a variety of communication services to provide their goods or services to their customers. Comments of WorldCom, Inc. at 7 (July 17, 1997). Of course, the ISP's origination of telecommunications as a result of the user's call is instantaneous (although perhaps no more so than a credit card verification system or a bank account information service). But this does not imply that the original communication does not "terminate" at the ISP. The Commission has not satisfactorily explained why an ISP is not, for purposes of reciprocal compensation, "simply a communications-intensive business end user selling a product to other consumer and business end-users." *Id.*

The Commission nevertheless argues that although the call from the ISP to an out-of-state website is information service for the end-user, it is telecommunications for the ISP, and thus the telecommunications cannot be said to "terminate" at the ISP. As the Commission states: "Even if, from the perspective of the end user as customer, the telecommunications portion of an Internet call 'terminates' at the ISP's server (and information service begins), the remaining portion of the call would continue to constitute telecommunications from the perspective of the ISP as customer." Commission's Br. at 41. Once again, however, the mere fact that the ISP originates further telecommunications does not imply that the original telecommunication does not "terminate" at the ISP. However sound the end-to-end analysis may be for jurisdictional purposes, the Commission has not explained why viewing these linked telecommunications as continuous works for purposes of reciprocal compensation.

Adding further confusion is a series of Commission rulings dealing with a class, enhanced service providers ("ESPs"), of which ISPs are a subclass. See FCC Ruling, 14 FCC Rcd at 3689 n.1 (p 1). ESPs, the precursors to the 1996 Act's information service providers, offer data processing services, linking customers and computers via the telephone network. See MCI Telecommunications Corp. v. FCC, 57 F.3d 1136, 1138 (D.C. Cir. 1995).<sup>2</sup> In its establishment of the access charge system for long-distance calls, the Commission in 1983 exempted ESPs from the access charge system, thus in effect treating them like end users rather than long-distance carriers. See In the Matter of MTS & WATS Market Structure, 97 F.C.C.2d 682, 711-15 (p 77-83) (1983). It reaffirmed this decision in 1991, explaining that it had "refrained from applying full access charges to ESPs out of concern that the industry has continued to be affected by a number of significant, potentially disruptive, and rapidly changing circumstances." In the Matter of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, 6 FCC Rcd 4524, 4534 (p 54) (1991). In 1997 it again preserved the status quo. In the Matter of Access Charge Reform, 12 FCC Rcd 15982 (1997) ("Access Charge Reform Order"). It justified the exemption in terms of the goals of the 1996 Act, saying that its purpose was to "preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services." Id. at 16133 (p 344) (quoting 47 U.S.C. s 230(b)(2)).

This classification of ESPs is something of an embarrassment to the Commission's present ruling. As MCI WorldCom notes, the Commission acknowledged in the Access Charge Reform Order that "given the evolution in [information service provider] technologies and markets since we first

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<sup>2</sup> The regulatory definition states that ESPs offer "services ... which employ computer processing applications that act on the format, content, code, protocol or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information." 47 CFR s 64.702(a).

established access charges in the early 1980s, it is not clear that [information service providers] use the public switched network in a manner analogous to IXCs [inter-exchange carriers]." 12 FCC Rcd at 16133 (p 345). It also referred to calls to information service providers as "local." Id. at 16132 (p 342 n.502). And when this aspect of the Access Charge Reform Order was challenged in the 8th Circuit, the Commission's briefwriters responded with a sharp differentiation between such calls and ordinary long-distance calls covered by the "end-to-end" analysis, and even used the analogy employed by MCI WorldCom here--that a call to an information service provider is really like a call to a local business that then uses the telephone to order wares to meet the need. Brief of FCC at 76, Southwestern Bell v. FCC, 153 F.3d 523 (8th Cir. 1998) (No. 97-2618). When accused of inconsistency in the present matter, the Commission flipped the argument on its head, arguing that its exemption of ESPs from access charges actually confirms "its understanding that ESPs in fact use interstate access service; otherwise, the exemption would not be necessary." FCC Ruling, 14 FCC Rcd at 3700 (p 16). This is not very compelling. Although, to be sure, the Commission used policy arguments to justify the "exemption," it also rested it on an acknowledgment of the real differences between long-distance calls and calls to information service providers. It is obscure why those have now dropped out of the picture.

Because the Commission has not supplied a real explanation for its decision to treat end-to-end analysis as controlling, Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983); 5 U.S.C. s 706(2)(A), we must vacate the ruling and remand the case.

There is an independent ground requiring remand--the fit of the present rule within the governing statute. MCI WorldCom says that ISP-traffic is "telephone exchange service[ ]" as defined in 47 U.S.C. s 153(16), which it claims "is synonymous under the Act with the service used to make local phone calls," and emphatically not "exchange access" as defined in 47 U.S.C. s 153(47). Petitioner MCI WorldCom's Initial Br. at 22. In the only paragraph of the ruling in which the Commission addressed this issue, it merely stated that it

"consistently has characterized ESPs as 'users of access service' but has treated them as end users for pricing purposes." FCC Ruling, 14 FCC Rcd at 3701 (p 17). In a statutory world of "telephone exchange service" and "exchange access," which the Commission here says constitute the only possibilities, the reference to "access service," combining the different key words from the two terms before us, sheds no light. "Access service" is in fact a pre-Act term, defined as "services and facilities provided for the origination or termination of any interstate or foreign telecommunication." 47 CFR s 69.2(b).

If the Commission meant to place ISP-traffic within a third category, not "telephone exchange service" and not "exchange access," that would conflict with its concession on appeal that "exchange access" and "telephone exchange service" occupy the field. But if it meant that just as ESPs were "users of access service" but treated as end users for pricing purposes, so too ISPs are users of exchange access, the Commission has not provided a satisfactory explanation why this is the case. In fact, in *In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended*, 11 FCC Rcd 21905, 22023 (p 248) (1996), the Commission clearly stated that "ISPs do not use exchange access." After oral argument in this case the Commission overruled this determination, saying that "non-carriers may be purchasers of those services." In *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, FCC 99-413, at 21 (p 43) (Dec. 23, 1999). The Commission relied on its pre-Act orders in which it had determined that non-carriers can use "access services," and concluded that there is no evidence that Congress, in codifying "exchange access," intended to depart from this understanding. See *id.* at 21-22 (p 44). The Commission, however, did not make this argument in the ruling under review.

Nor did the Commission even consider how regarding non-carriers as purchasers of "exchange access" fits with the statutory definition of that term. A call is "exchange access" if offered "for the purpose of the origination or termination of telephone toll services." 47 U.S.C. s 153(16). As MCI

WorldCom argued, ISPs provide information service rather than telecommunications; as such, "ISPs connect to the local network 'for the purpose of' providing information services, not originating or terminating telephone toll services." Petitioner MCI WorldCom's Reply Br. at 6.

The statute appears ambiguous as to whether calls to ISPs fit within "exchange access" or "telephone exchange service," and on that view any agency interpretation would be subject to judicial deference. See *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 842-43 (1984). But, even though we review the agency's interpretation only for reasonableness where Congress has not resolved the issue, where a decision "is valid only as a determination of policy or judgment which the agency alone is authorized to make and which it has not made, a judicial judgment cannot be made to do service." *SEC v. Chenery Corp.*, 318 U.S. 80, 88 (1943). See also *Acme Die Casting v. NLRB*, 26 F.3d 162, 166 (D.C. Cir. 1994); *Leeco, Inc. v. Hays*, 965 F.2d 1081, 1085 (D.C. Cir. 1992); *City of Kansas City v. Department of Housing and Urban Development*, 923 F.2d 188, 191-92 (D.C. Cir. 1991).

\* \* \*

Because the Commission has not provided a satisfactory explanation why LECs that terminate calls to ISPs are not properly seen as "terminat[ing] ... local telecommunications traffic," and why such traffic is "exchange access" rather than "telephone exchange service," we vacate the ruling and remand the case to the Commission. We do not reach the objections of the incumbent LECs--that s 251(b)(5) preempts state commission authority to compel payments to the competitor LECs; at present we have no adequately explained classification of these communications, and in the interim our vacatur of the Commission's ruling leaves the incumbents free to seek relief from state-authorized compensation that they believe to be wrongfully imposed.

So ordered.

## Exhibit 8



IN THE UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

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No. 98-50787

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SOUTHWESTERN BELL TELEPHONE CO.,

Plaintiff-Appellant,

versus

PUBLIC UTILITY COMMISSION OF TEXAS; PAT  
WOOD III; JUDY WALSH; BRETT PEARLMAN;  
TIME WARNER COMMUNICATIONS OF AUSTIN,  
L.P.; TIME WARNER COMMUNICATIONS OF  
HOUSTON, L.P.; AND FIBRCOM, INC.,

Defendants-Appellees.

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Appeal from the United States District Court  
for the Western District of Texas

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March 30, 2000

Before WIENER and STEWART, Circuit Judges.<sup>(1)</sup>

WIENER, Circuit Judge.

This appeal involves a dispute between two interconnecting telephone companies ("carriers") in the same local calling areas about whether modem calls placed by local customers of one carrier to the Internet Service Provider ("ISP") customers of another carrier should be charged for as a "local" call. The contracts between the carriers that are parties to this appeal specify that local calls placed by customers of one carrier to customers of the other are to be "reciprocally compensated." In the district court, Plaintiff-Appellant Southwestern Bell Telephone Co. ("Southwestern Bell") disavowed any obligation to compensate Defendants-Appellees Time Warner Communications of Austin, L.P. (collectively "Time Warner"), for calls made by Southwestern Bell's customers to Time Warner's ISP customers as local calls. The district court, like the Texas Public Utilities Commission ("PUC") before it, held that the carriers' contracts require such calls to be treated as local calls and as such, to be compensated for reciprocally. The procedural history of this case also presents thorny jurisdictional questions at the state regulatory commission and federal district court levels. Concluding that the PUC and the district court had jurisdiction to adjudicate the merits of this case, and agreeing with their dispositions of it, we affirm.

## I.

### FACTS AND PROCEEDINGS

In the interest of opening previously monopolistic local telephone markets to competition, the Federal Telecommunications Act of 1996 (the "Act") requires all telecommunications carriers to interconnect their networks so that customers of different carriers can call one another. 47 U.S.C. § 251(a)(1) (West Supp. 1999). Both Southwestern Bell and Time Warner are local exchange carriers ("LECs"). Having historically held monopolies in the subject markets, Southwestern Bell is the incumbent LEC or ILEC, and Time Warner is a competing LEC or CLEC. The Act requires ILECs to negotiate reciprocal compensation arrangements or interconnection agreements with CLECs to establish the terms by which they will compensate each other for the use of the other's networks. 47 U.S.C. § 251(b)(5), (c)(1). When an LEC's customer places a local call to a customer of another LEC, the LEC whose customer initiated the call compensates the receiving LEC for transporting and terminating the call through its network. *See* 47 U.S.C. § 251(b)(5); 47 C.F.R. § 51.701(e) (1998).

In two reciprocal compensation agreements (one executed in 1996 and the other in 1997), Time Warner and Southwestern Bell agreed to base reciprocal compensation on minutes of use. That way each party would pay the other a fixed rate for each minute that one of its customers used the other's

network for "Local Traffic." The instant dispute originated when Southwestern Bell refused to pay Time Warner reciprocal compensation for modem calls that Southwestern Bell's customers made to Time Warner's ISP customers. ( ISPs typically purchase local business phone service from LECs for a flat monthly fee that allows unlimited incoming calls.) An Internet user can, through use of a modem, dial an ISP's local phone number without incurring long-distance tolls, but can nevertheless access websites around the globe. Southwestern Bell based its refusal to pay reciprocal compensation to Time Warner on the theory that, because modem calls to ISPs involve the continuous transmission of information across state lines, such calls are interstate and thus should not be billed as Local Traffic.

In response, Time Warner filed a complaint with the PUC alleging that Southwestern Bell breached its interconnection agreements when it refused to pay reciprocal compensation for those calls that its customers made to Time Warner's ISP customers. The PUC sided with Time Warner, ruling that calls made by Southwestern Bell's customers to Time Warner's ISP customers are Local Traffic, and as such generate reciprocal compensation obligations.

Southwestern Bell then sought relief in the district court, continuing to insist that Internet calls are not "local" and therefore should not fall under the reciprocal compensation provisions of the interconnection agreements applicable to local calls. The district court upheld the PUC's decision, agreeing that, under the interconnection agreements, "Local Traffic" includes calls to ISPs. Both the PUC and the district court were impressed by the notion that a "call" from a Southwestern Bell's customer to a Time Warner ISP customer terminates locally at the ISP's facility. They considered such *telecommunication* service to be a component of the call separate and distinct from the *information* service, which begins at the ISP's facility and continues to distant websites.

Subsequent to the filing of this appeal, the FCC handed down a ruling pertinent to reciprocal compensation for ISP-bound calls, entitled *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Inter-Carrier Compensation for ISP-Bound Traffic*, 14 F.C.C.R. 3689 (1999) (the "Reciprocal Compensation Ruling"). Holding that it has jurisdiction over calls to ISPs as interstate calls, the FCC declined to separate ISP-bound traffic into two distinct components (*intrastate* telecommunications service, provided by the LEC, which goes from a user's modem to the local ISP, and *interstate* information service, provided by the ISP, which goes from the ISP to the websites). Reciprocal Compensation Ruling ¶¶ 1, 13. Although the FCC determined the jurisdictional nature of the ISP-bound traffic by the end-to-end analysis of the transmission (from the user to the Internet), it held that LECs are nevertheless controlled by interconnection agreements that include ISP-bound traffic in their reciprocal compensation provisions in the same manner as they include other local traffic. *Id.* ¶¶ 13, 16, 18, 22-24. Taking a hands-off approach, the FCC announced that it will not interfere with state commission determinations of whether reciprocal compensation provisions of interconnection agreements apply to ISP-bound traffic. *Id.* ¶¶ 21-22.<sup>(2)</sup>

## II.

### ANALYSIS

#### A. Jurisdiction

The substantive question that we are asked today is whether, for purposes of one LEC paying reciprocal compensation to another, a call from the first LEC's customer to the second LEC's ISP customer in the same local exchange area is "Local Traffic" as the term is used in these LECs' interconnection agreements. Before addressing that question, though, we must answer several

questions regarding jurisdiction.

The easy one is appellate jurisdiction: We clearly have it under 28 U.S.C. § 1291. Jurisdictional questions arising from the presence of this case first before the PUC and subsequently before the district court are not so simple.

As a general proposition, jurisdiction to entertain such matters is conferred on the district court by the judicial review provisions of the Act, which state:

*In any case in which a State commission makes a determination under this section, any party aggrieved by such determination may bring an action in an appropriate Federal district court to determine whether the agreement or statement meets the requirements of section 251 of this title and this section [252].*

47 U.S.C. § 252(e)(6) (emphasis ours).<sup>(3)</sup> With respect to the interconnection agreements, the Act confers jurisdiction on the district court to review the PUC's determination for compliance with the Act, specifically sections 251 and 252. Our chore today is to determine whether the Act, which admittedly provides for federal district court review of some state commission dispositions implicating interconnection agreements, provides for such review in this instance. This determination comprises two parts: (1) the PUC's own jurisdiction to determine the questions presented to it, and (2) the scope of federal review. As to the first part, the Act provides commission jurisdiction in cases "in which a State commission makes a determination under this section," meaning section 252. That section sets forth procedures for negotiation, arbitration, and approval of interconnection agreements. It also requires LECs to enter into interconnection agreements with each other, through either voluntary negotiation or compulsory arbitration. 47 U.S.C. § 252(a), (b). The Act specifies that, regardless of how they are effected, all interconnection agreements must be approved by the appropriate state commission. 47 U.S.C. § 252(e)(1). Here, the parties had voluntarily negotiated their interconnection agreements, and the PUC had approved them; no one is here seeking district court review of those approvals. It was not until several months after the PUC granted its approvals that Time Warner filed the complaint with the PUC pertaining to reciprocal compensation under those agreements, precipitating the declaratory action in federal court and ultimately this appeal.

The Act's reference to "a State commission . . . determination under this section [252]," could, if construed quite narrowly, limit state commission jurisdiction to decisions approving or disapproving, or arbitrating, an interconnection agreement. Under such a narrow construction, commission jurisdiction would not extend to interpreting or enforcing a previously approved contract. We do not think so narrow a construction was intended. Rather, we are satisfied that the Act's grant to the state commissions of plenary authority to approve or disapprove these interconnection agreements necessarily carries with it the authority to interpret and enforce the provisions of agreements that state commissions have approved. *See Iowa Utils. Bd. v. FCC*, 120 F.3d 753, 804 (8th Cir. 1997), *aff'd in part, rev'd in part on other grounds*,<sup>(4)</sup> *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 119 S. Ct. 721, 142 L. Ed.2d 835 (1999). We believe that the FCC plainly expects state commissions to decide intermediation and enforcement disputes that arise after the approval procedures are complete. *See, e.g., Reciprocal Compensation Ruling* ¶ 22 (noting that parties are bound by their interconnection agreements "as interpreted and enforced by the state commissions") (emphasis ours); *id.* ¶21 (referring to state commission "findings" as to whether reciprocal compensation provisions of interconnection agreements apply to ISP-bound traffic); *id.* ¶ 24 (discussing factors state commissions

should consider when "construing the parties' agreements"); *see also Illinois Bell Tel. Co. v. Worldcom Techs., Inc.*, 179 F.3d 566, 573 (7th Cir. 1999) (noting that in determining contractual intent under interconnection agreements, a state commission "was doing what it is charged with doing" in the Act and the FCC's Reciprocal Compensation Ruling). Deferring to the pronouncements of the FCC and its reasonable interpretations of the Act, *see, e.g., Illinois Bell Tel. v. WorldCom*, 179 F.3d at 571, we hold that the PUC acted within its jurisdiction in addressing the questions pertaining to interpretation and enforcement of the previously approved interconnection agreements at issue here.

Southwestern Bell poses yet another challenge to the PUC's jurisdiction, urging that, because Internet traffic is interstate, as a matter of federal law state commissions such as the PUC lack jurisdiction to impose reciprocal compensation liability for such traffic. We disagree. The Supreme Court has recognized that the Act cannot divide the world of domestic telephone service "neatly into two hemispheres," one consisting of interstate service, over which the FCC has plenary authority, and the other consisting of intrastate service, over which the states retain exclusive jurisdiction. *Louisiana Pub. Serv. Comm'n v. FCC*, 476 U.S. 355, 360, 106 S. Ct. 1890, 1894, 90 L. Ed. 2d 369 (1986). Rather, observed the Court, "the realities of technology and economics belie such a clean parceling of responsibility." *Id.* The FCC too has rejected the argument advanced by Southwestern Bell, noting that "state commission authority over interconnection agreements pursuant to section 252 extends to both interstate and intrastate matters." Reciprocal Compensation Ruling ¶ 25, quoting *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order*, 11 F.C.C.R. 15499 ¶ 84 (1996). Accordingly, we hold that here the PUC properly exercised its jurisdiction regardless of any interstate aspect of the subject telecommunications.<sup>(5)</sup>

We also hold that the district courts have jurisdiction to review such interpretation and enforcement decisions of the state commissions. *See Iowa Utilities Bd.*, 120 F.3d at 804 & n.24 (holding that federal court review in section 252(e)(6) encompasses review of enforcement decisions of state commissions and is the exclusive means of obtaining review of such determinations). We will not read section 252(e)(6) so narrowly as to limit its grant of federal district court jurisdiction to review decisions of state commissions only to those decisions that either approve or reject interconnection agreements. We conclude that federal court jurisdiction extends to review of state commission rulings on complaints pertaining to interconnection agreements and that such jurisdiction is not restricted to mere approval or rejection of such agreements. *See also Illinois Bell Tel. v. Worldcom*, 179 F.3d at 571 (recognizing exclusive federal jurisdiction to review "actions" by state commissions).

A similar jurisdictional question asks whether subsection 252(e)(6) limits federal review of a state commission's actions with respect to an interconnection agreement to those commission decisions that concern only compliance with the requirements of sections 251 and 252 of the Act, and does not extend to review of a commission's actions implicating compliance with state law. In this case the parties have framed issues of both federal and state law. Our focus, however, concerns only the clause of the Act granting jurisdiction over an "action . . . to determine whether the agreement . . . meets the requirements of section 251 [and section 252]." 47 U.S.C. § 252(e)(6). Time Warner urges us to read section 252(e)(6) literally and narrowly, so as to limit federal review to only the issue whether the interconnection agreements, as interpreted by the PUC, meet the requirements of federal law, specifically, sections 251 and 252. These sections impose specific fair compensation requirements.<sup>(6)</sup> Under such a narrow construction, section 252(e)(6) would limit federal court review of the PUC's decision to such questions as whether the PUC's interpretation of the Time Warner/Southwestern Bell interconnection agreements adequately allow the parties to recover their costs. A federal court lacks jurisdiction, insists Time Warner, to address state law matters such as, for example, a contractual

dispute regarding meeting of the minds.

The Act obviously allows a state commission to consider requirements of state law when approving or rejecting interconnection agreements. 47 U.S.C. § 252(e)(3), (f)(2). But whether, in addition to jurisdiction to review for compliance with requirements of the Act, a federal court is authorized to review any and every question of state law that a state commission may have addressed is an issue on which the circuits are split. The Seventh Circuit takes the position that in examining a state commission order, the court's task is "not to determine whether [state commission] correctly applied principles of state contract law, but to see whether its decision violates federal law, as set out in the Act or in the FCC's interpretation." *Illinois Bell Tel. v. Worldcom*, 179 F.3d at 572. Under this reading, our scope of review would be quite narrow indeed; the only issue before us would be whether the PUC, in determining that the parties intended for calls to ISPs to be subject to reciprocal compensation, violated federal law. *See id.* at 571. Any issues of state law, such as contract interpretation, would remain open for determination in another forum.<sup>(7)</sup> The Seventh Circuit also finds significant the contrast in the Act between state commission determinations (subsections 252(e)(3) and (f)(2), allowing consideration of state law questions) and federal court determinations (subsection 252(e)(6), allowing consideration of only "whether the agreement or statement meets the requirements of section 251 and this section"). To the Seventh Circuit, this juxtaposition confirms that federal courts "may review a state commission's actions with respect to an agreement *only for compliance with the requirements of § 251 and § 252 of the [FTA], and not for compliance with state law.*" *MCI Telecomms. Corp. v. Illinois Commerce Comm'n*, 168 F.3d 315, 320 (7th Cir.) (emphasis ours), *amended on reh'g* by 183 F.3d 558 (7th Cir.), *reh'g granted*, 183 F.3d 567 (7th Cir. 1999)(on Eleventh Amendment grounds).

The Ninth and Fourth Circuits have taken a more expansive view of federal jurisdiction under the Act, narrowed only by the proper standard of review. These circuits would permit district courts to consider *de novo* whether the agreements are in compliance with the Act and the implementing regulations, but to review all other issues decided by a state commission under a more deferential standard, either arbitrary and capricious or substantial evidence. *See US West Communications v. MFS Intelenet, Inc.*, 193 F.3d 1112, 1117, 1124 n.15 (9th Cir. 1999) (considering *de novo* agreement's compliance with the Act and regulations and considering "all other issues" under arbitrary and capricious standard); *GTE South, Inc. v. Morrison*, 199 F.3d 733, 745 (4th Cir. 1999) (reviewing *de novo* the state commission's interpretations of the Act and reviewing state commission fact finding under the substantial evidence standard).<sup>(8)</sup>

In the case now before us, the district court embraced the broader view, considering *de novo* whether the agreements comply with sections 251 and 252, and reviewing "all other issues" under an arbitrary-and-capricious standard. We find this approach appropriate. This standard comports with *United States v. Carlo Bianchi and Co.*, 373 U.S. 709, 715, 83 S.Ct. 1409, 10 L. Ed 2d. 652 (1963), and *Abbeville General Hospital v. Ramsey*, 3 F.3d 797, 802-03 (5th Cir. 1993) (conducting *de novo* review of procedural question whether state agency made finding required by federal law and arbitrary-and-capricious review of the findings themselves). We shall therefore review *de novo* whether the interconnection agreements as interpreted by the PUC meet the requirements of the Act, but our review of the PUC's state law determinations will be under the more deferential arbitrary-and-capricious standard.

## B. The Merits

We first examine the PUC order to see whether it violates federal law, as reflected in the Act and in

the FCC's regulations or rulings. We conduct this examination *de novo*.

The PUC concluded that "a call between two end users in the same local calling area is local traffic." Agreeing with the FCC's then-prevailing view that providing of Internet service involved "multiple components,"<sup>(9)</sup> the PUC declared that "it is the telecommunications service component, rather than the information service component, that constitutes the basis for determining the jurisdiction of the traffic involved in calls to ISPs. When a transmission path is established between two subscribers in the same mandatory calling area, traffic carried on that path is local traffic, with the telecommunications service component of the call terminating at the ISP location."

The FCC has now definitively established that modem calls to ISPs constitute jurisdictionally mixed, largely interstate, traffic. Reciprocal Compensation Ruling ¶¶ 1, 13, 18-19. In its 1999 ruling, the FCC concluded that ISP-bound traffic for "jurisdictional purposes [is] a continuous transmission from the end user to a distant Internet site." *Id.* ¶ 13. Having thus determined its own jurisdiction over ISP calls, the FCC then discussed regulation of the calls, beginning with the proclamation that it "has no rule governing inter-carrier compensation for ISP-bound traffic." *Id.* ¶ 9. The FCC continued: "We find no reason to interfere with state commission findings as to whether reciprocal compensation provisions of interconnection agreements apply to ISP-bound traffic, pending adoption of a rule establishing an appropriate interstate compensation mechanism." *Id.* ¶ 21.<sup>(10)</sup> The FCC reasoned that "parties should be bound by their existing interconnection agreements, as interpreted by state commissions." *Id.* ¶ 1.

Clearly, then, whether voluntarily negotiated or confected through arbitration, commission-approved agreements requiring payment of reciprocal compensation for calls made to ISPs do not conflict with §§ 251 and 252 of the Act or with the FCC's regulations or rulings. Even if ISP traffic is largely interstate, a state commission may lawfully interpret an agreement as requiring reciprocal compensation for such traffic. *See id.* at ¶ 26 ("Although reciprocal compensation is mandated under section 251(b)(5) only for the transport and termination of local traffic, neither the statute nor our rules prohibit a state commission from concluding in an arbitration that reciprocal compensation is appropriate in certain instances."); *Illinois Bell Tel. v. Worldcom*, 179 F.3d at 572 ("The FCC could not have made clearer that . . . a state agency's interpretation of an agreement so as to require payment of reciprocal compensation does not necessarily violate federal law.").

Additionally, the FCC acknowledged that it had historically "directed states to treat ISP traffic as if it were local." Reciprocal Compensation Ruling ¶ 21. Nothing in the Reciprocal Compensation Ruling prohibits a call from being "a local call for some, but not all, purposes." *Illinois Bell Tel. v. Worldcom*, 179 F.3d at 574. Finally, the FCC understood that its "policy of treating ISP-bound traffic as local for purposes of interstate access charges would, if applied in the separate context of reciprocal compensation, suggest that [reciprocal] compensation is due for that traffic." Reciprocal Compensation Ruling ¶ 25 (emphasis added).

Accordingly, we hold that the PUC's determination that reciprocal compensation obligations encompass ISP-bound traffic does not conflict with the Act or with any FCC rule regarding such traffic. As the Seventh Circuit observed,

The FCC could not have made clearer its willingness—at least until the time a rule is promulgated—to let state commissions make the call. We see no violation of the Act in giving such deference to state commissions; in fact, the Act specifically provides state commissions with an important role to play in the field of interconnection agreements. . . . In short, nothing in what the [state commission] said

violates federal law in existence at this time.

*Illinois Bell Tel. v. Worldcom*, 179 F.3d at 574. It follows that we should affirm the district court's ruling that the order of the PUC did not violate federal law.

That brings us to the substantive question whether the PUC correctly interpreted the interconnection agreements. A threshold issue bearing on our standard of review is whether federal or state law controls this interpretation.<sup>(11)</sup> We therefore begin by examining how the state law issues pertaining to the interpretation of contracts relate to the Act and to FCC pronouncements, for example, with respect to the definitions of key terms such as "local" and "terminate."

Southwestern Bell contends that the proper understanding of these contracts turns on whether Internet communications are "local" under federal law and that the definition of "local traffic" in section 251(b)(5) of the Act should govern the contract. In another argument Southwestern Bell urges that the Act and the FCC's rulings on whether reciprocal compensation is required for Internet traffic determine whether, as a matter of federal law, reciprocal compensation is due under the contracts. Southwestern Bell argues that the language in the agreements<sup>(12)</sup> parallels the reciprocal compensation requirement in section 251(b)(5) of the Act<sup>(13)</sup>; that the FCC has declared that Internet traffic is not encompassed within section 251(b)(5) of the Act<sup>(14)</sup>; ergo, as a matter of federal law, the calls are not "local" and reciprocal compensation is therefore not required. We disagree.

As the Seventh Circuit said, in succinctly rejecting a similar argument, "[t]he syllogism is an oversimplification."

That the Act does not require reciprocal compensation for calls to ISPs is not to say that it prohibits it. The Act simply sets out the obligations of all local exchange carriers to provide for reciprocal compensation. . . . Then in § 252(d)(2) state commissions are instructed that terms and conditions for reciprocal compensation are not to be considered reasonable unless they provide "for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier" and that the costs be determined on the basis of a "reasonable approximation of the additional costs of terminating such calls." The Act clearly does not set out specific *conditions which one party could enforce against the other. The details are left to the parties, or the commissions, to work out.*

*Illinois Bell Tel. v. Worldcom*, 179 F.3d at 573 (emphasis added). The FCC expressly ruled that "parties may voluntarily include [ISP-bound] traffic within the scope of their interconnection agreements under sections 251 and 252 of the Act, even if these statutory provisions do not apply as a matter of law. Where parties have agreed to include this traffic . . . they are bound by those agreements, as interpreted and enforced by the state commissions." Reciprocal Compensation Ruling ¶ 22.

In light of the foregoing, we hold that the agreements themselves and state law principles govern the questions of interpretation of the contracts and enforcement of their provisions. We therefore decline Southwestern Bell's invitation to determine the contractual issues as a facet of federal law.<sup>(15)</sup> Also, in



accordance with the standards discussed above, we defer to the PUC's determinations on such issues, upholding them unless they are arbitrary and capricious or unsupported by substantial evidence.

As for interpretation of the contracts, we begin by noting that the Time Warner/Southwestern Bell interconnection agreements require the payment of reciprocal compensation for "Local Traffic." "Local traffic" is defined by the agreements as traffic that both "originates" and "terminates" in the same local calling area.<sup>(16)</sup> Where a modem call "originates" is not disputed. In contrast, where such a call to an ISP "terminates" is the nub of the argument.

The agreements neither define "terminate" nor specifically mention the Internet or ISPs. Southwestern Bell insists that the term "Local Traffic" does not include modem calls to ISPs because they do not terminate locally at the ISP's facility; however, both the PUC and the district court determined that such calls do terminate at the ISP facility.

Under Texas law, unambiguous contracts must be enforced as written, with the intent of the parties being derived from the agreement itself. *Intratex Gas Co. v. Puckett*, 886 S.W.2d 274, 277-78 (Tex. App.-El Paso 1994). The first agreement between these parties specifies that calls "originated by one Party's end users and *terminated to the other Party's end users* shall be classified as Local Traffic under this Agreement if the call originates and terminates in the same [Southwestern Bell] exchange area . . . or originates and terminates within different [Southwestern Bell] exchanges which share a common mandatory local calling area." An "End User" is defined as "a third-Party residence or business that subscribes to telecommunications services provided by either of the Parties." The parties' second agreement adds the phrase "or by another telecommunications service provider."

These contractual provisions lend additional support to the conclusions of the PUC and the district court. The ISPs, as business subscribers to Time Warner services, are indeed end users under the agreements. The PUC classified "a call between two end users in the same local calling area" as "Local Traffic" and concluded that the interconnection agreements unambiguously include ISP traffic within the definition of "Local Traffic." The PUC ruled that, "[w]hen a transmission path is established between two subscribers in the same mandatory calling area, traffic carried on that path is local traffic, with the telecommunications service component of the call terminating at the ISP location." The district court noted that "as end users, ISPs may receive *local calls* that *terminate* within the local exchange network." (emphasis in original). The court concluded that a modem call to an ISP terminates at the ISP's facility within the local exchange network, basing its conclusion in part on the FCC's treatment of ISPs as end users lying within the local exchange. The FCC treats ISPs as "end users" for pricing purposes, permitting them to purchase telephone service at local business rates rather than interstate access tariffs. Reciprocal Compensation Ruling ¶¶ 5, 17, 23. We conclude that the PUC's consideration of the end-user status of an ISP is appropriate in light of the contractual provision mentioning "termination to *[an] end user*[".

Both of the instant interconnection agreements provide that undefined terms--such as "terminate"--are to be "construed in accordance with their end user usage in the telecommunications industry as of the effective date of [these] Agreement[s]." This provision, which is common to both agreements, tracks well-established rules of contract interpretation. See *KMI Continental Offshore Prod. Co. v. ACF Petroleum Co.*, 746 S.W.2d 238, 241 (Tex. App.-Houston 1987), writ denied. "Beyond the four corners of the parties' agreement, their intent may be evidenced from the surrounding facts and circumstances when the contract was entered. . . . ordinary terms, customs and usages then in effect. . . ." *Intratex Gas*, 886 at 278. The parties obviously agreed that "terminate" would mean whatever the telecommunications industry took it to mean at the time they signed the

agreements, i.e., in 1996 and 1997.

A 1996 FCC Report defined "termination," for purposes of section 251(b)(5), as "the switching of traffic that is subject to section 251(b)(5) at the terminating carrier's end office switch (or equivalent facility) and delivery of that traffic from that switch to the called party's premises."<sup>(17)</sup> Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 F.C.C.R. 15,499 ¶ 1040 (1996), *aff'd in part, vacated in part on other grounds, Iowa Utils. Bd.*, 120 F.3d 753. As for the modem calls here at issue, the ISPs are Time Warner's customers, making Time Warner the terminating carrier. So, under the foregoing definition, "termination" occurs when Time Warner switches the call at its facility and delivers the call to "the called party's premises," which is the ISP's local facility. Under this usage, the call indeed "terminates" at the ISP's premises.

Both the FCC and Southwestern Bell have heretofore embraced a custom of treating calls to ISPs as though they were local, terminating within the same local exchange network. The FCC recognized that agreements negotiated prior to the Reciprocal Compensation Ruling, as were the ones at issue here, had been negotiated in the "context of this Commission's longstanding policy of treating this traffic as local." Reciprocal Compensation Ruling ¶ 24.<sup>(18)</sup> In fact, the FCC noted that its historic "policy of treating ISP-bound traffic as local for purposes of interstate access charges would, if applied in the separate context of reciprocal compensation, suggest that [reciprocal] compensation is due for that traffic." *Id.* ¶ 25 (emphasis added).

We are convinced that the PUC considered ample evidence that both the telecommunications industry as a whole and the parties to this dispute in particular treated ISP-bound calls as terminating locally at the time the interconnection agreements were being negotiated. By the end of 1996, five State commissions had already ruled that modem calls to ISPs are subject to reciprocal compensation. For years, Southwestern Bell had recorded calls made to ISPs as "local" in internal reports and bookkeeping records. Southwestern Bell did not change this practice until 1998, well after entering the instant interconnection agreements. An internal Southwestern Bell memorandum acknowledged that, under then-current FCC rulings, it expected to pay reciprocal compensation for modem calls: "As long as the 'ESP' exemption<sup>(19)</sup> remains in tact we can anticipate . . . that we will compensate other [LECs] for traffic they terminate to internet access providers." And for some time Southwestern Bell has run an ISP of its own, despite the fact that as an incumbent LEC it is forbidden to offer long-distance/interstate service. It has justified its running of an ISP to the FCC by arguing that ISPs provide local, not interstate, service.

Southwestern Bell makes much over the fact that the PUC and the district court divided Internet traffic into two "components," one local and one interstate, to determine where the call "terminates." Despite its recent Reciprocal Compensation Ruling that Internet traffic is a continuous transmission for jurisdictional purposes--not terminating at the ISP's local server--the FCC recognized that, for purposes other than jurisdiction,<sup>(20)</sup> such calls can be treated in the same manner as local traffic. Reciprocal Compensation Ruling ¶ 12, 24. Perceiving such calls as terminating locally for compensation purposes is clearly condoned by the FCC.

We note finally that the FCC listed several factors that state commissions may consider in deciding whether an interconnection agreement should be construed to classify calls to ISPs as local for purposes of reciprocal compensation. *Id.* ¶ 24. The PUC has already considered most of the factors. Moreover, the FCC declared that "state commissions, not this Commission, are the arbiters of what factors are relevant in ascertaining the parties' intentions." *Id.* at ¶ 24.

The district court held that the PUC did not act arbitrarily and capriciously because a reasonable interpretation of the interconnection agreements is that the parties were to treat calls to ISPs like calls to other end users. We agree. The conclusion that modem calls terminate locally for purposes of compensation is both well-reasoned and supported by substantial evidence. We therefore affirm the PUC's decision to include ISP-bound traffic within the reciprocal compensation provisions of the subject interconnection agreements.

Undaunted, Southwestern Bell goes on to contend on appeal that there was no meeting of the minds with regard to the issue of reciprocal compensation for local calls made to ISPs. A review of the record reveals that Southwestern Bell did not raise this issue during the administrative hearing so as to preserve it for judicial review.<sup>(21)</sup> The failure to raise an issue at the administrative level waives the right to appellate review of that issue. See *Institute for Tech. Dev. v. Brown*, 63 F.3d 445, 449 n. 3 (5th Cir. 1995). Except to the extent that we have already discussed the parties intentions, we will not review separately the meeting-of-the-minds argument that was waived by Southwestern Bell.

### III.

#### CONCLUSION

For the foregoing reasons, we hold that the PUC had jurisdiction to determine the issues discussed above, and that the district court had jurisdiction under the Act to hear the matters presented to it. On the merits, we affirm the district court's order denying Southwestern Bell's request for declaratory and injunctive relief. And, like the district court before us, we affirm the PUC's order requiring Southwestern Bell to comply with reciprocal compensation provisions in the instant interconnection agreements with respect to termination of calls to ISPs.

**AFFIRMED.**

1. <sup>1</sup>Senior District Judge John M. Shaw of the Western District of Louisiana was a member of the panel who heard oral argument on this case. Because of his death on December 24, 1999, he did not participate in this decision. This appeal has been decided by a quorum pursuant to 28 U.S.C. §46(d).

2. <sup>2</sup>Less than a week ago the Court of Appeals for the District of Columbia decided Bell Atlantic Telephone Companies v. FCC, 2000 WL 273383 (D.C. Cir) March 24, 2000, vacating this ruling and remanding it to the FCC with instructions to provide a satisfactory explanation why LECs that terminate calls to ISPs are not properly seen as terminating local telecommunications traffic, and why such traffic is "exchange access" rather than "telephone exchange service." The focus of that opinion is the unexplained (or underexplained) use of the "end-to-end" analysis to determine whether calls to ISPs are interstate or intrastate. Given the FCC's hands-off policy, even if the FCC should continue to deem such calls to be interstate and should satisfy the D.C. Circuit following remand, we do not view the court's remand as necessarily forecasting a different result on the question of PUC jurisdiction over such calls in the context of interpreting and enforcing existing reciprocal compensation agreements. This would be doubly so if the remand eventually results in the FCC's concluding that local calls to ISPs are intrastate.

3. <sup>3</sup> The mention of a statement refers to "a statement of the terms and conditions that [an LEC] generally offers within that State to comply with the requirements of section 251." 47 U.S.C. § 252(f)(1).

4. <sup>4</sup> The part of the Circuit Court's decision eventually reversed pertained to the conclusion that the FCC does not have jurisdiction under 47 U.S.C. § 208 to hear appeals of state commission decisions (and that 47 U.S.C. § 252(e)(6) confers this power exclusively on federal district courts). *Iowa Utils.*, 120 F.3d at 804. The Supreme Court reversed in part, ruling that the issue was not yet ripe for review. *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 119 S. Ct. 721, 733, 142 L. Ed.2d 834 (1999).

5. <sup>5</sup> The district court was of the opinion that if calls to ISPs were not local, the PUC would have no jurisdiction, and jurisdiction would be exclusive in the FCC. This was erroneous but harmless dicta, because the district court ultimately concluded, as we do today, that the PUC had jurisdiction.

6. <sup>6</sup> For example, the Act requires that

a State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless --

(I) such terms and conditions provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other character; and

(ii) such terms and conditions determine such costs on the basis of a reasonable approximation of the additional costs of terminating such calls.

47 U.S.C. § 252(d)(2)(A).

7. <sup>7</sup> The Seventh Circuit recognized that this allocation of authority "has a potential to cause problems," but would leave them to Congress to resolve:

Federal jurisdiction under § 252(c)(6) is exclusive when it exists. Thus every time a carrier complains about a state agency's action concerning an agreement, it must start in federal court (to find out whether there has been a violation of federal law) and then may move to state court if the first suit yields the answer "no." This system may not have much to recommend it, but, as the Supreme Court observed in *Iowa Utilities Board*, the 1996 Act has its share of glitches, and if this is another, then legislature can provide a repair.

*Illinois Bell Tel. v. Worldcom*, 179 F.3d at 574 (Westmate\* version only).

8. <sup>8</sup> The Fourth Circuit expressed its awareness that other courts have used the "arbitrary and capricious" standard of review, quoting, inter alia, *U.S. West v. MFS Intelenet*, 193 F.3d at 1116, but stated that, as regarding review of fact findings, "there is no meaningful difference between this standard and the substantial evidence standard we apply." *GTE South*, 199 F.3d at 745 n.5.

9. <sup>9</sup> The PUC quoted the FCC's *Report and Order on Universal Service*, CC Docket No. 96-45, FCC

97-157 at ¶ 83 (1997), noting, however, that the FCC had recognized that its position should be reviewed in a future FCC proceeding.

10. <sup>10</sup>In the Reciprocal Compensation Ruling, the FCC gave notice of a proposed rulemaking regarding inter-carrier compensation for ISP-bound traffic. The obligation to pay such compensation in existing interconnection agreements could be altered by future rules promulgated by the FCC. *See U.S. West v. AFS Intelenet*, 193 F.3d at 1123 n.10.

11. <sup>11</sup>As determined above, we review the interconnection agreements for compliance with the Act *de novo*, and for compliance with state law matters under the more deferential abuse of discretion standard.

12. <sup>12</sup>Under both agreements, reciprocal compensation applies to transport and termination of "Local Traffic."

13. <sup>13</sup>Section 251(b)(5) imposes on LECs the duty "to establish reciprocal compensation arrangements for the transport and termination of telecommunications."

14. <sup>14</sup>In the Reciprocal Compensation Ruling, the FCC concluded that "ISP-bound traffic is non-local interstate traffic," and noted that "the reciprocal compensation requirements of section 251(b)(5) of the Act and Section 51, subpart H (Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic) of the Commission's rules do not govern inter-carrier compensation for this traffic." Reciprocal Compensation Ruling n. 87.

15. <sup>15</sup>Although we may refer to FCC pronouncements as part of our consideration of what is usage or custom in the telecommunications industry, we do so only as the contracts and state law might require.

16. <sup>16</sup>"Local Traffic" is defined in the first agreement as "traffic which originates and terminates within a [Southwestern Bell] exchange including mandatory local calling arrangements.

Mandatory Local Calling Area is an arrangement that requires end users to subscribe to a local calling area beyond their basic exchange serving area." The second agreement provides similarly that "Local Traffic, for purposes of intercompany compensation, is if (i) the call originates and terminates in the same [Southwestern Bell] exchange area; or (ii) originates and terminates within different [Southwestern Bell] Exchanges that share a common mandatory local calling area."

17. <sup>17</sup>More recently, in discussing where a modem call "terminates," the FCC has remarked, "An Internet communication does not necessarily have a point of 'termination' in the traditional sense." Reciprocal Compensation Ruling ¶ 18. But the FCC's view at the time of these agreements was clear, as discussed next.

18. <sup>18</sup>The FCC also acknowledged that it had historically "directed states to treat ISP traffic as if it were local." *Id.* ¶ 21.

19. <sup>19</sup>The FCC has exempted Enhanced Service Providers, a category which includes ISPs, from payment of interstate access charges.

20. <sup>20</sup>We are cognizant of the fact that the PUC used its two-component theory as the basis both for determining jurisdiction as well as for determining reciprocal compensation. To view the call as two components for jurisdictional purposes runs counter to the FCC's Reciprocal Compensation Ruling as discussed above. Nevertheless, we have today held for different reasons that the PUC properly exercised its jurisdiction in spite of any interstate aspect of the telecommunications. In this part of our opinion, we are addressing only the compensation aspect of the PUC's analysis.

21. <sup>21</sup>Southwestern Bell points for support to a few sentences in the PUC arbitrator's initial opinion in which the arbitrator questioned whether there had been a meeting of the minds between the parties with respect to the issue of reciprocal compensation. The record reveals, however, that the language in the arbitrator's opinion was mere dicta, and that the arbitrator was not addressing any arguments actually raised by the parties. The Act limits the issues that may be decided in arbitration to those set forth by the parties. 47 U.S.C. § 252(b)(4)(A). Southwestern Bell's argument that it has preserved the issue is unconvincing.